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# FINANCIAL TIMES

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Tuesday July 8 1975

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## NEWS SUMMARY

### GENERAL

# Peron hit by total strike

Argentina was brought to an almost total standstill by a 48-hour general strike called by the 31m-strong General Confederation of Labour in support of workers' pay demands. In Buenos Aires there was no transport save for a few taxis. Commerce was almost entirely shut down, Robert Lindley reports. No newspapers were published. Only in one province—San Luis—was the strike call ignored. President Maria Estela Peron refused to accept the resignation offers submitted on Sunday night by her entire Cabinet. There were unconfirmed reports that the commanders of the three armed forces had served an ultimatum on President Peron demanding the removal of her eminence grise, Social Welfare Minister Jose Lopez Rega. Page 4

### Israel attacks

Israeli air, sea and ground forces staged pre-dawn attacks on Arab guerrilla bases in South-west Lebanon. Beirut sources said 11 people were killed and that Lebanon had protested to the Security Council. In Jerusalem, deaths from Friday's time bomb rose to 14. In the Knesset, Premier Rabin attacked the Palestinian organisations: "Since their only language is that of the sword, Israel will have to talk to them in that language." Middle East news—Page 5

### MPs at Strasbourg

British Labour MPs took their seats in the European Parliament in Strasbourg, ending a 21-year boycott and making the Socialists the Parliament's biggest single grouping. Back Page

### Amin off again

Uganda President Idi Amin flew to Somalia for talks with President Barre whom he hopes to succeed as chairman of the Organisation of African Unity next month. Page 5

### Wrong victim

A bomb trap boom which killed a detective and injured two men at Lurgan, Co. Down, was meant for a headmaster, Alastair Black. Member of the Northern Ireland Convention, the Orange Vanguard movement announced. Other Ulster news: Nine detainees were released by Unionist leaders. Powell's plea for greater support for the British Parliament. Amnesty International in London called for abolition of detention without trial. Page 5

### Back to freedom

Schoolteacher Mary Tyler, arriving at Heathrow after five years in a Indian jail on charges of conspiring to the revolutionary Naxalite group, said she had been held in solitary confinement or her first year. Page 5

### Ending 'the lump'

The Government intends to introduce a simplified Bill in the next session to Parliament to end 'the lump' in the building industry. It would establish a Labour Commission on the lines of the Dock Labour Board. Back Page

### Briefly...

Government applied a guillotine to remaining stages of the controversial Petroleum and Submarine Pipelines Bill, setting up the British National Oil Corporation. Lord Ballantrae—former Chindit brigadier Bernard Fergusson—was installed by the Queen as a knight of the Thistle, Scotland's order of chivalry. Former German SS Colonel Otto Korfenz died in Madrid aged 67. Women in England and Wales got 27,845 abortions in first quarter 1975 against 29,542 in last period last year, said Minister of State for Health Dr. David Owen. Page 5

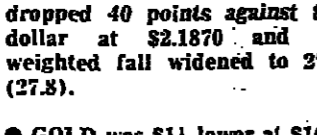
### BUSINESS

# Dollar improves; Equities down 5.6

● **EQUITIES** met profit-trading in extremely light trading. The FT 30-share index dropped 5.6 to 317.7. The FT-Actuaries All-share index eased 1.1 per cent. to 127.71.

● **GILTS** fluctuated, with shorts again unsettled by talk of higher interest rates. Losses in longs were around 1.

● **THE DOLLAR'S** weighted average depreciation narrowed appreciably to 5.13 per cent. (5.51 on Thursday). The pound



dropped 40 points against the dollar at \$2.1870 and its weighted fall widened to 27.9 (27.8).

● **GOLD** was \$11 lower at \$163.

● **WALL STREET** closed 10.71 lower at \$61.08 on fears of higher prime rates.

● **WEST GERMANY'S** major retail operators are planning to step up their investment programmes by a third this year after a two-year pause. Page 7

● **RETAIL SALES** dropped sharply in May after the Budget spending spree, but the basic trend has remained fairly stable so far this year. Page 8

● **STC wins £40m. export order**

● **STANDARD TELEPHONES** and Cables has won a £40m. export order for an undersea telephone cable system between Europe and South America. Back Page

● **HARLAND and Wolff**, the Belfast shipyard, has appointed Mr. Ronald Punt as its managing director. Mr. Punt has been running the company since Mr. Iver Hoppe prematurely retired. Page 10

● **FORD MOTOR** is planning to introduce substantial overtime working for its 5,000 Export Liverpool, next month to build up stocks of the new Popular. Page 13

● **CONTINENTAL OIL** is to refine one per cent. of the first British North Sea oil now being produced at the Argyll Field. Page 8

● **NEWMAN INDUSTRIES** proposed takeover of some quoted investment funds and interests from Thos. Pools and Gladstone China may be postponed if several institutions, led by Prudential Assurance, succeed to-day in seeking an independent report by a merchant bank. Back Page

● **HANSON TRUST** is raising some £5.6m. by a one-for-one issue at par. The large bonus element in the 'rights' issue lifted the shares 22 to 182p. Page 16 and Lex

**HIEF PRICE CHANGES YESTERDAY**

Rises in price unless otherwise indicated

bird (William)	66 + 3	Courtaulds	123 - 5
airfield-Harvey	214 + 24	EMI	180 - 5
ogate and General	51 + 11	General Accident	125 - 5
irelough (L.)	134 + 4	GKN	233 - 4
anson Trust	162 + 22	Howard Machinery	54 - 6
anderson-Kenton	26 - 5	ICI	263 - 5
ene Darby	91 + 4	Jackson and Steeple	27 - 3
il Expln.	68 + 3	Land Secs.	113 - 6
reelkral	400 + 15	Marks and Spencer	199 - 4
adenburg-Plat.	130 + 5	Reed Intnl.	225 - 12
ancunialental	430 + 10	Reynolds Parsons	45 - 3
lection Trust	570 + 13	Royal Insurance	278 - 7

Falls

bright and Wilson	83 - 4	Shell Transport	305 - 10
relays Bank	265 - 10	Woodie-Burnham	78 - 5
avis	204 - 7	W. South	172 - 8
is	312 - 6	EZ Inds.	230 - 20
Steam Spec.	538 - 91	Venterspost	880 - 20

## Motion on £100 likely to go ahead despite warning on Government survival

# Wilson appeals to miners' loyalty

BY ROY ROGERS, LABOUR CORRESPONDENT, Scarborough

MINERS leaders meet this morning in the light of a stern warning from the Prime Minister yesterday that if they back Left-wing calls for pay increases of up to £39 a week later in the day they could swing their industry into decline and place jobs at risk.

Mr. Wilson and moderate miners' leader, Mr. Joe Gormley, joined forces in an 11th hour bid to sway miners' delegates from adopting a Yorkshire-area resolution calling for a £100 a week wage for faceworkers, £85 for the underground men and £80 for surface workers.

In a forthright speech to the National Union of Mineworkers annual conference on the eve of the crucial pay debate which could well seal the fate of the Government's emerging pay policy, Mr. Wilson made it quite clear that there could be no Government subsidies or increased prices to finance a big miners' pay deal.

Making a strong appeal to miners' loyalty, Mr. Wilson said it was not a question of whether their loyalty would be forthcoming in sufficient measure to save the Labour Government nor whether this, or any other, democratic Socialist Government could survive.

"It is whether any Government so constituted, so dedicated to the principles of consent and consensus within our democracy, can lead this nation," he said.

The Yorkshire miners' leader, Mr. Arthur Scargill, was unrepentant afterwards.

He said the Yorkshire miners had gone a good way to meet other views in the union during weekend meetings to decide the form of the motion which will go before the conference.

"We have made major concessions," he said.

Mr. Scargill said he was sure his members would be willing to consider the views of anyone with a responsible point of view, but miners had long memories. The last time the miners were asked to show restraint on pay was in 1964—and the up followed by a massive policy of pit closure, he said.

Yorkshire delegates will not go along with this unless it is hardened by removing the word 'objective'.

There will be further meetings this morning. But it now seems very likely that an agreed compromise embracing all three pay resolutions will emerge.

In such a situation, the three Midlands NUM delegates would appear to hold the balance of power with the 14 votes at their disposal. The remaining 253 votes are committed—119 of them for the Yorkshire resolution, 123 against and the Derbyshire delegates ready to abstain with their 11 votes. The three Midlands delegates meet to consider their position this morning.

Mr. Wilson, whose arrival outside the conference hall yesterday afternoon was met by cheers from holidaymakers and jeers from some militant Yorkshire miners, made a measured but pointed appeal to the miners' loyalty at the £100 call.

Reaction from the conference delegates was lukewarm, with only Mr. Gormley rising to his feet after the Prime Minister's speech and Yorkshire delegates refusing to join the applause.

The Prime Minister took great pains to stress to delegates the advances being made in North Sea oil and gas exploration and in the nuclear energy field, before warning them that unless their resolutions into a national minimum wage level and the industry would start to decline and jobs could be put in jeopardy.

The Government had made it clear, he said, that every public

industry must now pay its way within its income. He added that a £100 settlement for miners would soon make coal the "poor relation" when compared to oil and nuclear power sources.

Mr. Wilson went further than just hitting at the £100 demand. A coal industry deal even on the scale of recent pay awards would be said to be "crazy, even suicidal" and was just "not on" as the cost would have to come from money designed for the expansion and modernisation of the industry.

There could be no question of Government subsidies to pay the cost of any increases "over the odds" or to cushion the consumer against the effects of such increases. There could be no more borrowing for this purpose, nor could there be any loading of excessive costs on the public, as these moves would only fuel inflation.

In his far more vocal address, Mr. Gormley hit out at the £39 claim by pointing out it was higher than the TUC's target national minimum wage level and in the present economic situation was "madness."

Did delegates believe they would get much support from the rest of the trade union movement when they were asking for a rise higher than wages being earned by the majority of workers in many other fields, he asked.

Assessing some miners' leaders Continued on Back Page

# TUC puts pay limits plan to Healey

BY JOHN ELLIOTT, LABOUR EDITOR

TUC leaders last night visited the Chancellor of the Exchequer to spell out to him their anti-inflation proposals which now centre on wage limits from August 1 of £6 a week. These will be paid as a pay supplement to everyone except those earning more than £7,000 a year who would receive nothing.

This policy emerged earlier in the day from a special meeting of the TUC economic committee which almost ended in disarray at one stage when the union leaders involved squabbled among themselves about how their own individual groups of members should be exempted from the precise pay limit.

But this did not stop the TUC leaders agreeing to submit their draft policy document to the Chancellor. They sent him an advance copy yesterday afternoon before their late night talks so that he could tell them what welcome the Government would give them following to-morrow's special TUC general council meeting.

At the same time the TUC also decided to call on the Government to introduce a price freeze on some key household items, to tighten shop price controls, and to maintain food subsidies. In addition the TUC wants action to curb unemployment, although it has dropped its target of 500,000 by the middle of next year, having been told by Ministers that this is not feasible. The TUC also wants "social wage" expenditure boosted on items such as education and benefits for the disabled plus an early review of pension levels.

On pay, the TUC leaders shelved one key development until after they had had talks with the Chancellor who was

accompanied at last night's meeting by Mr. Michael Foot, Employment Secretary, and Mrs. Shirley Williams, Prices Secretary. This proposal involved the CBI in machinery to handle groups trying to claim special treatment outside the £6 limits. It was set out in the draft policy document yesterday morning which said: "Where unions and employers both agree that there is a serious difficulty they can make a joint submission to the TUC and CBI who will jointly examine the problem and determine whether this should be

submitted to the Advisory, Conciliatory and Arbitration Service for arbitration."

This idea of a joint CBI-TUC "sieve" to vet special cases was developed partly in response to Government pressure about how successfully the TUC could deliver any wage limits. Although not finalised with the CBI, it would also have the advantage of involving employers, through the CBI, directly in the policing of the policy. But some union leaders, including Mr. Hugh Scanlon of the Engineers, did not think there ought to be any special cases and therefore saw no need for the machinery.

The idea of having a flat rate pay limit of £6 a week for all full-time adult workers apart from women moving towards equal pay which would fall in with the Chancellor's 10 per cent. inflation target was accepted with little demur by yesterday's economic committee although Mr. Scanlon made his regular

Continued on Back Page

# Retailers in talks on new plan for subsidising 'basic' prices

BY HAROLD BOLTER AND ELINOR GOODMAN

THE GOVERNMENT, working towards a Friday deadline for the publication of its White Paper on prices and incomes, is trying to win the approval of employers for a new "fair deal" package on prices.

Under this arrangement, price rises on basic products would be limited to 10 per cent.—but at the expense of larger increases on non-essentials.

The deal, still being discussed, would cover both food and non-food items and involve manufacturers as well as retailers.

This cross-subsidisation plan for prices is a key element in the Government's thinking as it moves towards the publication of the White Paper, although it appears to be fraught with practical difficulties.

Government Ministers were involved in a flurry of meetings with employers' organisations yesterday. In the morning, Mrs. Shirley Williams, Secretary for Prices, met the leaders of the Confederation of British Industry, the Food Manufacturers Federation and the Retail Consortium.

Then, in the afternoon, the CBI, together with Lord Redmayne of the Retail Consortium, went to see Mr. Denis Healey, the Chancellor of the Exchequer, Mr. Eric Varley, the Industry Secretary, Mr. Michael Foot, the Employment Secretary, and Mrs. Williams.

As far as pay is concerned, Sir Ralph Bateman, the CBI's

president, and Mr. Campbell Adamson, director-general, are thought to have told Ministers that the confederation's members are unlikely to object to the concept of a flat-rate pay limit. The Retail Consortium, however, would strongly oppose a flat cash limit.

They made it clear, however, that any statutory plan to penalise companies which paid excessive wage increases would cause extreme concern, unless there were sanctions against the unions as well.

The CBI will report back to the leaders of Britain's 100 largest companies to-morrow morning and, in the afternoon, will hold an emergency meeting of its full council. By the evening it hopes to be in a position to put a considered view on the Government's proposals for both pay and prices to the Chancellor.

Although no official statement was made on the content of yesterday's meetings, it is understood Mrs. Williams made it clear she accepted that competitive forces were likely to keep prices down, particularly at the retail end, and that the food industry could not take much more punishment. For this reason, she made it plain that she wanted both sides to reach some kind of agreement on a "fair deal" package, there is still much scepticism as to its practical application. There are fears, for example, that it would create distorted patterns of demand.

It is argued that cutting prices on essentials would lead to

higher sales at the expense of the non-essential lines, whose higher margins are supposed to subsidise the basic lines.

The scheme has also been criticised in the past on the ground that it would lead to a surge in cut-price imported items in the shops. Retailers, it is feared, would start buying cheaper products abroad in order to maintain their profit margins at the lower prices. Above all, such a deal involves the problem of deciding exactly what is a "basic" product.

A similar cross-subsidisation scheme has been studied twice in the past three years—once by a Conservative Government and once by a Labour Government. On both occasions, it has been rejected because of the inherent practical problems.

Early stage

Last night the Department of Prices would not comment on the talks, which it stressed were still in their very early stages. The Retail Consortium also refused to comment on the content of the meeting, but said it would be prepared to co-operate with any "practicable" proposal to deal with inflation.

Despite the obvious desire by both sides to reach some kind of agreement on a "fair deal" package, there is still much scepticism as to its practical application. There are fears, for example, that it would create distorted patterns of demand.

It is argued that cutting prices on essentials would lead to

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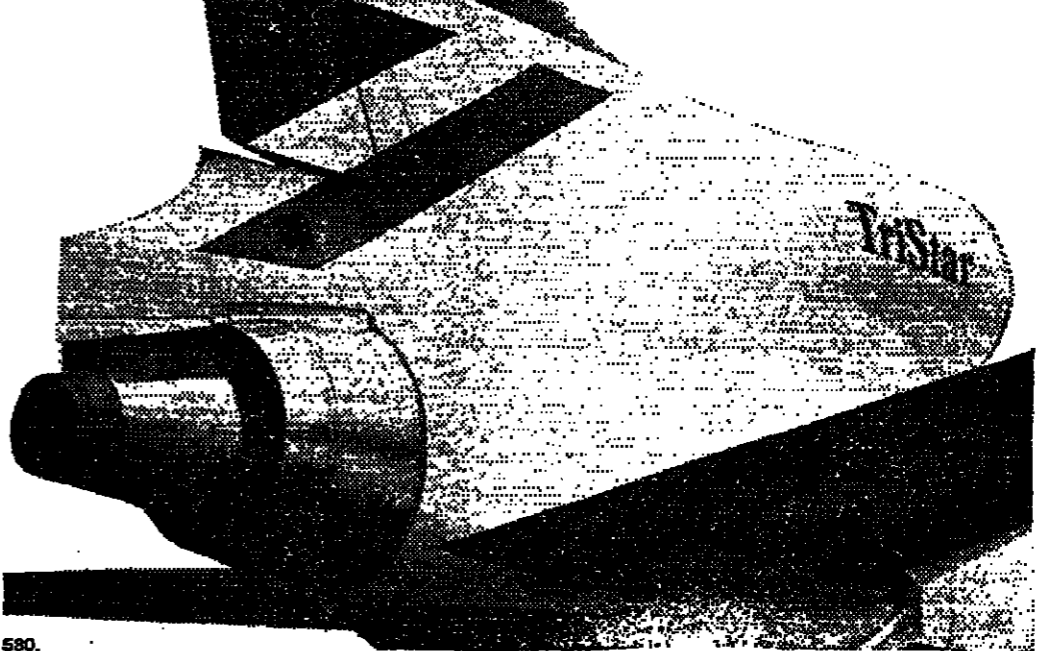
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# Review of Commons procedure

BY JOHN HUNT

A MAJOR review of the way Parliament conducts its business is to begin in the autumn, Mr. Edward Short, Leader of the House, told the Commons yesterday.

It has not been decided yet whether the review will be carried out by a select committee, but Mr. Short has ruled out the appointment of a Royal Commission. A joint committee of both houses is another method under consideration.

The possibility of calling in outside experts to serve on a joint committee is also being considered.

The main purpose would be to streamline procedure to meet growing complaints from MPs about the ever-increasing pressure of business and continual late-night sittings of the Commons. Some members feel that the House should meet in the mornings and afternoons, and that night sittings should be curtailed or abolished.

The review is likely to be a controversial process, as the Opposition will look with great suspicion on any proposals to

reduce the time allowed for the scrutiny and delay of Bills. Their suspicions have been increased by a recent BBC interview in which Mr. Short suggested that each Government department should be allowed to bring forward a general enabling Bill dealing with a whole range of subjects. Ministers would then fill in the "small print" by means of Orders and regulations.

Jaundiced

The interviewer objected that this would mean giving blanket powers to Ministers and that MPs would have less opportunity to take a close look at legislation. But Mr. Short replied that he thought this was inevitable.

Commenting on yesterday's announcement, Mr. John Pearton, the Conservative "shadow" Leader of the House, declared: "So far as I am concerned, we would take a jaundiced view of any proposal which is designed to make life easier for the Executive."

Mr. Short told the House: "Parliament's role as a check on the Executive, and also as a

forum for national debate, needs re-examination in the light of modern conditions. We also need to look at the working conditions of MPs, including late parliamentary hours."

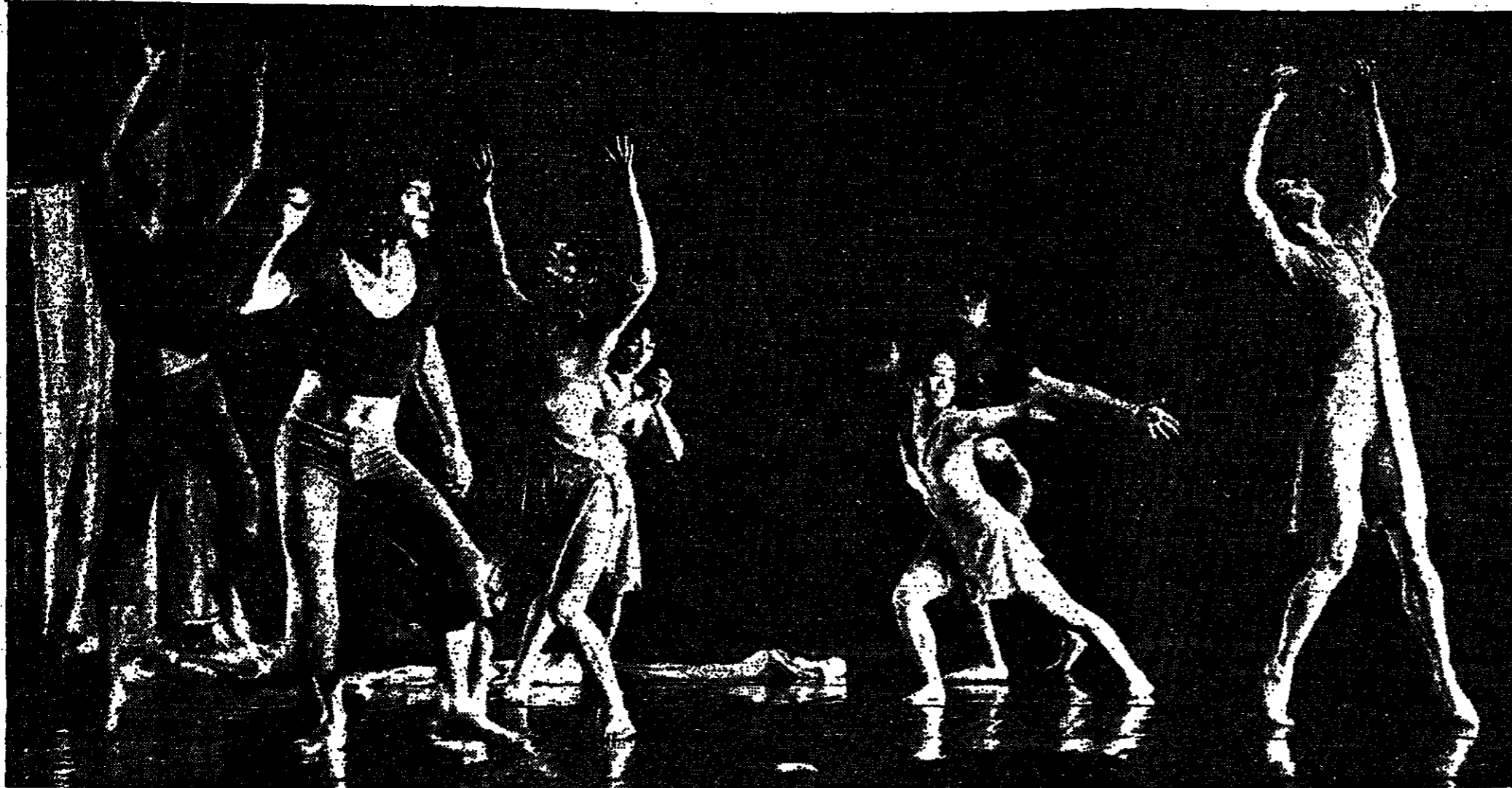
The terms of reference for the review will be announced later. They are likely to include the suggestion that major Bills can be carried forward into a new session of Parliament from the point which they reached in the previous session. At the moment, Bills which have not completed all stages have to begin afresh in the new session.

This again would be a controversial matter for, although it would save time, it would give more power to a Government to legislate on the basis of the statute book.

A proposal that all-party pre-legislative committees should scrutinise Government plans before they are embodied in legislation is also likely to be raised. Another matter for discussion will be EEC legislation, which is already placing an additional strain on the Commons.

Parliament. Page 14





The Ballet Rambert in Christopher Bruce's "Ancient Voices of Children" which had its world premiere last night at Sadler's Wells Theatre

Douglas Jeffery

## Festival Hall

## The Louis Armstrong Anniversary Concert

by KEVIN HENRIQUES

Despite the slightly portentous title, this annual homage to "Satchmo" is always an unmaudlin, unsolemn occasion, during which the vast contribution the great trumpeter made to jazz is constantly evoked. Like his music, he was an honest, straightforward human being, and this year's concert, appropriately held on Independence Day which would have been his 73rd birthday, faithfully exuded the spirit of Louis.

And it did so without taking the easy way of serving-up embarrassing imitations of Louis the Singer or Louis the Entertainer. Intelligently conceived and prepared, the almost three-hour long concert comprised musicians playing mostly tunes associated with Louis during his long career.

The ever-immaculate Alex Welsh band recalled the Hot Five and Hot Seven vintage with Fred Hunt on piano taking solo honours on "Savoy Blues" cheekily throwing in some succulent Earl Hines runs. The band also played with American cornetist "Wild Bill" Davison, whose devotion to Armstrong is well-known. Davison is a forceful enough player, with an

almost punishing attack and tonal colourings, to engage the attention for an entire concert.

On Friday, though, honours were shared, stolen by the National Youth Jazz Orchestra, a 23-piece band of youthful jazzers of both sexes who accompanied trumpeter Humphrey Lyttelton on some excellent Eddie Harvey arrangements.

Harvey's writing contained several inspirational strokes, particularly effective was a clarinet choir backing behind Humphrey in "Sleepy Time Down South."

The youngsters showed an ebullience which Louis would have admired and enthused over. No matter there was roughness in places; no matter the drummer almost totally obscured by his kit, was from the rock school: the spirit was abundantly there.

There were conclusive indications of solo ability as well. Malcolm Koch on trombone, for one, and Mark Chandler on trumpet, another, who had some witty exchanges of phrases with Lyttelton on "St. Louis Blues."

Despite a noticeable predilection for trills, Chandler showed remarkable fluency and confidence. He also contributed some lively playing in Neil Ardley's specially commissioned work, "Independence Day Celebration." However, in comparison with some of his previous compositions this, on a single hearing, seemed minor Ardley.

The finale brought back "Wild Bill" and Humphrey to blow—no, not "The Saints," mercifully, with the Alex Welsh band, plus an all-too-short glimpse of jazz tap-dancer Will Gaines.

Prior to this there had been glorious eloquent playing from surprise guest Clark Terry, another trumpeter who exudes the Armstrong blend of joy and brilliance in his playing. This was a tantalising taste of the music this happy gentlemen of jazz is dishing out at Ronnie Scott's until next Saturday.

Among his accompanying musicians at Scott's he has saxist Ernie Wilkins who did all those memorable arrangements for the Count Basie band. But last Saturday at least, the man who caught the ear was pianist Dan Hearn, an adventurous, swinging player with that gaiety in his solos which is so characteristic of his leader who remains one of the most complete musicians in jazz to-day.

Listening to Terry late Friday night/early Saturday morning at Scott's was a suitable conclusion to a Louis Armstrong evening. No doubt it was equally memorable for 17-year-old Mark Chandler whom Terry invited on to the stand to play with him.

## Cheltenham Festival

## Luv by MAX LOPERT

Of the two orchestral premieres at Cheltenham this year, Stephen Oliver's *Luv* on Sunday is the Festival commission. In the composer's programme note—mildly clever in expression, behind which a certain self-satisfaction is not concealed—a complicated analogy is drawn up between the language forsaken lovers tend to use, and the presentation of a modern rhetoric on a tonal basis. What this means in practice, is that after the half-way mark has been reached in a style of thick, heavily underlined, anonymous modernism, the score dissolves into dance-band rhythm and Chaiovsky's

*Romeo and Juliet*, buffo-fashion, with a bar of the first Rigoletto-Gilda duet thrown in. The aim was clearly that of writing a fun piece—not one to be derided. But the fun must then be much funnier, much sharper, less dependent on repetition and paper-hat orchestration, and with its comic target more deftly defined. The piece, like Mr. Oliver's programme note, enjoys its own ingenuity rather too readily, too much, and too soon. Patches of interesting brass scoring suggest the real composer waiting to emerge from the undergraduate chrysalis—the personality Mr. Oliver has mainly, so

far, presented to his listeners. It was apparently enjoyed by the Royal Liverpool Philharmonic Orchestra and Sir Charles Groves; not quite as much as they, and Peter Frankl, enjoyed the Liszt Second Piano Concerto—but that is stiff competition. In Liszt's *Faust Symphony*, after the interval, just such an air of engagement with the music was, by contrast, in woefully short supply. It was my intention to compare Friday's *Domte* and Sunday's *Faust*, with the hope at the end of drawing the usual distinction between the latter as a masterpiece and the former as a noble failure. The Liszt performance, graceless,

ill-tuned, rough-hewn, read-through that it was, had the dubious merit of levelling the two: *Faust* seemed equally as prone to patchwork and squareness as its twin, and rather more long-winded. Some devoted

## The Entertainment Guide is on Page 13

singing by the Liverpool men's chorus, and by the tenor soloist Robin Leggate, came too late to erase the memory of joyless moments earlier. Back to Beecham's records, for service to Liszt more strongly rendered.

## Festival Hall

## Verdi by RONALD CRICHTON

For their end-of-season concert, Muti and the New Philharmonia had announced excerpts from Verdi's *La forza del destino* with two of the Four sacred pieces which are one of the Chorus's specialties. Then the newspapers said: "Due to indisposition of several soloists the programme... has had to be changed." A board inside the Festival Hall entrance said, more bleakly if less mysteriously, that Martina Arroyo and Veriano Luchetti "will not appear." Not very informative. Anyway, the *Forza* excerpts (the overture excepted) disappeared, to be replaced by that handy war-horse, the Mussorgsky-Ravel Pictures from an exhibition.

That left a first half of Verdi with the New Philharmonia Chorus singing the *Stabat Mater* and *Te Deum* in a way that deserved a much fuller house for the polish, rock-steady tone and detailed attention to phrasing and dynamics they brought to this music. Norbert Balatsch has them at concert pitch, but there were weaknesses of intonation at the top, the kind of under-

the-note singing one can't pre-tend not to notice when the degree of steadiness gives so much away—it was sad to hear the sopranos make such a beautifully graded climb up to of the self-indulgence and easily the *Forzissimo* B in the final climax of the *Stabat* and not quite reach their goal. The altos had a spot of pitch trouble at a less exalted place in the *Te Deum*.

All the same, these were remarkable performances, almost literally illuminated by singing and playing resembling fine enamel work. Muti's tense but cool-headed conducting of the quality one can't help recalling *Stabat Mater* gave the piece a

pre-quality not unlike Ferrarese with the Alex Welsh band, plus an all-too-short glimpse of jazz tap-dancer Will Gaines. Prior to this there had been glorious eloquent playing from surprise guest Clark Terry, another trumpeter who exudes the Armstrong blend of joy and brilliance in his playing. This was a tantalising taste of the music this happy gentlemen of jazz is dishing out at Ronnie Scott's until next Saturday.

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## Composers' Guild Awards

The Composers' Guild of Great Britain will give two Awards for outstanding contributions to British music in 1974. Iain Hamilton will receive the Ralph Vaughan Williams Award, Composers' Guild Award, 1974, for his achievements in that year including the first performance of his opera, *The Catline Conspiracy*.

John McCabe will receive a special Award, Composer-Performer of the Year, 1974, for his consistent attention to piano music by living British composers. It is hoped that the awards will be presented at the Guild's Annual Luncheon in December by Mrs. R. Vaughan Williams.

## British Museum

## T'ang Buddhist painting by WILLIAM PACKER

Tucked away behind the main Prints and Drawings Galleries, which at the moment are full of Turner's splendid water-colours, required viewing at some time before the year is out, are the smaller rooms given over to the display of Oriental Art. They hold no permanent display, the Museum's policy being rather to use them for temporary exhibitions culled from its various collections. Such shows usually are small, quiet and undemonstrative affairs, and should not be missed by anyone claiming the least degree of visual curiosity.

Their material is the whole of Asian and Indian graphic art; and repeatedly, in a very gentle and tactful, albeit insistent, way, they remind us that the Western Tradition, in all its glory and importance, is but a part of the world's achievement. To move, as we could in the spring, from the Italy of Michelangelo to the Punjab Hills, or as now, from Turner's Europe to Kansu Province a 1,000 years before is to cross frontiers of sensibility that are exciting and enlightening. To do so requires effort and concentration, but is worth all the trouble.

The present offering is taken from the Museum's collection of Buddhist paintings of the T'ang period, found in a sealed deposit in the cave temples at Tun-huang early this century. They are of considerable historical importance. Tun-huang's position, on the border of China at the confluence of the overland trading routes from the west, made it an important and prosperous staging-post, one wide open to foreign influences. As early as 4

A.D. Buddhist monks were passing through; it must have been one of the first places in China to be influenced by Buddhism, and during the T'ang period it was an agent of the spread of

the religion throughout the country. But when Buddhism was suppressed in the ninth century, Tun-huang had come temporarily under the power of Tibet, and so

escaped persecution. The material that survived seems to have been hidden early in the 11th century, when the region finally passed out of Chinese hands, and including as it does work from the entire Buddhist period, is a perfect capsule for scholarly examination. Such interest is one thing, the look of the things, which hanging them on the walls involves, something quite else.

These ancient scrolls and fragments at first seem obscure and dull and difficult, but once attention is paid them, and a little time, they begin to grow more curious and beautiful by the minute. The faded charm of the old silk, the delicate and subtle working, and the rich texture, conspire our seduction. Much of the work is so fragmentary it loses, or at least disguises, its figurative power and intention, taking us to our educated modern eyes, the abstract virtues of shape and texture seen for themselves alone, and drawing our attention to the particular qualities of mark and line and brush-stroke.

They are informed with a direct and vital draughtsmanship, almost calligraphic at times, and always expressive, always decorative. The imagery, of course, is obviously symbolic, serving its religious purpose clearly and directly; and here certain unexpected parallels occur, suggesting other, alien conventions: the Byzantine for example, and other, more primitive, Christian genres, Coptic, Egyptian and Balkan.

This intriguing exhibition remains on view until October 5.



"Avalokitesvara as guide of souls"—ink and colour painting on silk

## The Signor by DENYS SUTTON, Editor of Apollo

Bartholome Bermejo: The Great Hispano-Flemish Master by Eric Young, Paul Elek, £12.50

Early Spanish painting is not nearly so well known as its quality demands. This is largely due to its being none too well represented outside Spain, though important examples may be seen in the U.S. And in Spain herself, visits to Barcelona, Bilbao and Valencia are essential.

Fortunately one of the masterpieces of the leading Spanish painter of the 15th century, Bartholome Bermejo, is represented in this country by St. Michael with a Donor which was bought by Sir Julius Wernher in 1905 and is now at Luton Hoo.

Hitherto there has been no monograph on this fine painter in English, though his work is discussed by C. R. Post in his detailed history of Spanish painting. All the more welcome to Eric Young's well-researched book on Bermejo's sparse work, some 22 paintings.

Like many Spanish artists of his time, Bermejo was indebted to the Flemish school, and Mr. Young suggests that he may have spent some time in Bruges, working under Petrus Christus; he rejects the thesis that he went to Italy. He worked in Valencia, Aragon and Catalonia. This book makes a distinctive contribution to the history of

Spanish painting and draws attention to Bermejo's ability to combine brilliant decorative effects with emotion, shown in the late *Pieta* in Barcelona Cathedral and the *Minister The Flagellation of Santa Engracia*, one of the treasures of the museum at Bilbao.

"England's Michelangelo." A Biography of George Frederic Watts by Wilfrid Blunt. Hamish Hamilton, £8.50. 208 pages

G. F. Watts by G. K. Chesterton. Preface by Quentin Bell. Duckworth, £4.95. 84 pages

The revival of Victorian art has led to not a few overstatements on the part of the enthusiasts. One of the delights of G. F. Watts is that admiration for this unusual and in many ways fascinating artist has not been at the expense of his sense of humour. He is an exceedingly funny writer with a gift for storytelling.

It is a book that can be confidently recommended to anyone eager to learn more about Victorian life, social as well as artistic. It is a model of its kind and should be made compulsory reading for art historians; it shows how art appreciation and biography can be agreeably blended.

The author is fortunate in his subject. Watts had a long, and

interesting career, largely because he was involved with such a rich cast of supporting characters. How attractively Mr. Blunt evokes the Florence of the 1840s when Watts was the guest of Lord and Lady Holland, who looked after him for several years. How fortunate for Watts that he provoked the cooing of a succession of powerful women: how lucky that Mr. Blunt can depict them so well—the seven astonishing Pattle sisters, the determined Mrs. Russell Barrington and the second Mrs. Watts.

Mr. Blunt, who is a man of the world, does not insist too much on Watts's personal life; such questions as whether or not his marriage to the 16-year-old Ellen Terry, his first wife, was consummated, or even his second one, are handled with delicacy. He does not close his eyes to the Signor's faults—the nickname suited Watts perfectly—and shows that he was canny about money.

Mr. Blunt provides a fair and considered view of Watts's artistic contribution and his findings are based on close knowledge, for he has been Curator of the Watts Gallery for the last sixteen years. He tells us all that we need to know about his work and does not indulge in long explanations; rightly he draws attention to Watts's sculpture.

The enthusiasm that Watts

aroused is reflected in G. K. Chesterton's small book which was first issued in 1904. This reprint has a characteristically lively preface by Quentin Bell. Like most of Chesterton's writing this book is stimulating and admirably composed. He loved to swim against the tide, as Prof. Bell observes, and he made out a case for Watts's didactic painting, one that deserves consideration. It is the poetic, romantic side of Watts's moralistic paintings that appealed to him. Yet for many Watts may be best remembered as a portrait painter who, at his best, was a sympathetic recorder of some of the outstanding personalities of the Victorian age.

## Camden's open-air sculpture exhibition

The London Borough of Camden is sponsoring an open-air exhibition of the work of 11 young London sculptors, most of whom live, work or teach in the borough.

The first venue of the exhibition is in Waterlow Park on the slopes of Highgate Hill, where it will be on view during daylight hours until July 30. The second venue is in the more formal setting of Bloomsbury, where it will be on view in the gardens of Tavistock Square from August 2 to 30.



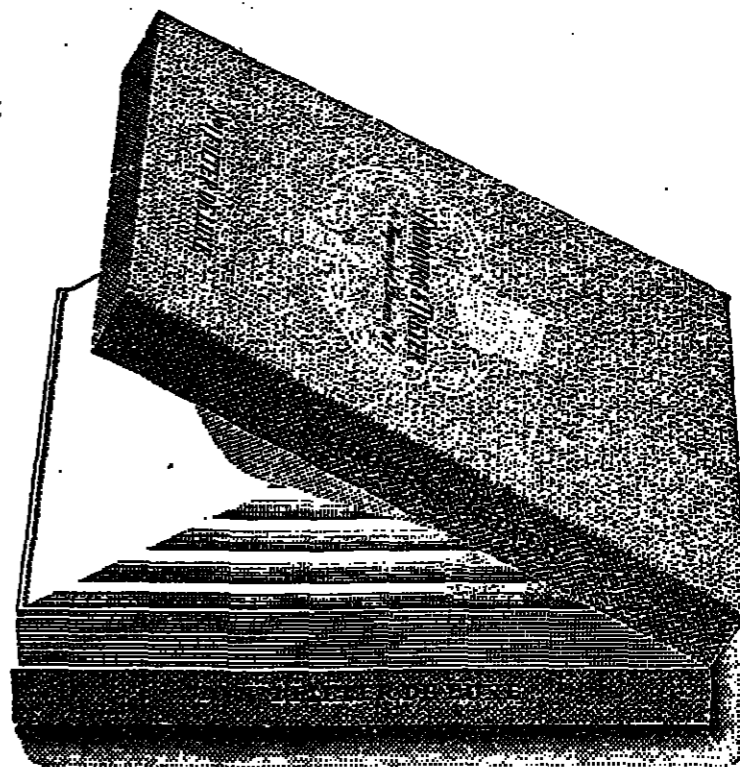
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## MIDDLE TAR

Manufacturer's estimate, October 1974, of group as defined in H.M. Government Tables

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

## WORLD TRADE NEWS

## India emerging as major exporter of coal

BY OUR OWN CORRESPONDENT

NEW DELHI, July 7.

INDIAN COAL is to be exported next year to the EEC and Japan. Both have sounded India on the export of a substantial quantity of coal on a long-term basis. The emerging surplus of domestic coal production means India is in a position to enter the international coal trade in a big way.

The EEC and Japan have indicated they would be willing to supply credit, equipment and technical "know-how" to modernise the Indian industry, besides exploring and developing new mining areas.

The approach from the EEC was made by M. Francois Xavier Ortoli, its president, who visited India recently. The EEC wants to buy 5m-6m tonnes of non-coking coal for power stations likely to be built in Italy and some other West European countries to use Indian coal. India has indicated that it will be in a position to supply 1m

tonnes of coal next year to the EEC and that demand would be met progressively in full by 1979-80, when coal output in India is likely to increase to 147m tonnes from 88m in 1974-75.

A Minerals and Metals Trading Corporation trade team which recently returned from Japan has been asked to supply 3m-5m tonnes of coal for Japan's steel and power plants. India has agreed to export at least 50,000 tonnes next year.

Japan has assured India that it would modernise new captive mines (including a plant to wash coal chemically) and would like the entire production of those mines to be shipped to Japan. Japan is keen to sign a long-term supply arrangement.

A 20-year trade pact was signed recently between Japan and the U.S.A. for the purchase of Siberian coal. Japan common position.

also buys coal from the U.S. and Australia, but it prefers Indian coal because of its low sulphur content, which makes steel fabrication less of a pollution hazard.

India at present exports about 600,000 tonnes of coal to Bangladesh and another 200,000 tonnes to other neighbouring countries.

Herr Hans-Jürgen Wischnewski, West German Minister of State, has arrived in New Delhi for exploratory talks on future co-operation on raw materials supply and production between India and the EEC.

His visit to India is part of a tour of a number of countries, including Algeria, Zaire, Iran, Saudi Arabia and Venezuela. Diplomatic sources said the EEC Council of Ministers has entrusted him with the task of examining future co-operation on all raw materials following the failure of the recent 10-nation oil conference to reach any clear common position.

## Poland's need of materials handling equipment

By Leslie Collett

BERLIN, July 7.

Poland urgently needs materials handling equipment—fork trucks, trolleys, pallets and cranes—which it cannot produce domestically or obtain from other Comecon countries.

The Warsaw newspaper, *Zydz Warszawy*, notes that materials handling is one of the most neglected areas in the Polish economy. If factory production goals for the coming five-year plan, ending in 1980, were to be met, then factory transport and warehousing must be mechanised to release workers for the production line.

In the coming years, Poland faces an acute labour shortage for the first time. The newspaper says the number of workers per fork truck is 10 in Poland, compared with 69 in the U.K. and 39 in France.

Materials handling in Poland is said to be only 30 per cent mechanised, with the rest of the work dependent on the "strongest and healthiest of transport—the human being."

Raising the level of mechanisation to 70 per cent by 1980 would mean a growth in the number of mechanised units from 100,000 now to 200,000 over the next five years.

Poland's largest producer of construction machinery, the Bumar group, is said to be "interested in curtailing the production of factory transporters," as it is giving priority to heavy building machinery. The critical article notes that there are also no large producers in other Comecon countries to supply Poland's needs in this area.

## SWISS REVERSE DUTY-FREE CUT

By John Wicks

ZURICH, July 7.

THE Swiss Government has re-introduced a one-litre maximum for the amount of alcohol above 25 degrees proof which can be brought into the country duty-free by persons resident in Switzerland or other European countries. The limit had been reduced from one litre to half a litre in mid-March as a measure to increase the excise income of the Confederation.

A statement by the Swiss Finance and Customs Ministry says the half-litre ruling had led to difficulties in half-litre bottles were hardly obtainable. The reduction to below the usual European duty-free norm had also resulted in inconvenience to tourists and other travellers, the Ministry said.

## Exhibitions

Ismetel 75, Tel Aviv (October 5-10), will be attended by 200 of Israel's largest manufacturers of metal-working products and capabilities. Close to \$450m. is to be invested over the next five years in the Israeli metal industry to raise output to \$1,560m. from \$930m. in 1974. Exports are expected to reach \$900m. in 1979, against \$214m. in 1974, a forecast of \$309m. for 1975.

The industry is going through a period of unprecedented growth, with 1974 output up 18 per cent on 1973. It is getting more and more sophisticated as well as meeting demand both of local military and overseas customers.

British Pavilion sales at the Hannover Poultry and Pig Fair at the end of June brought off-stand sales of £280,000, with a further £250,000.

British Electrical and Allied Manufacturers' Association 1976 overseas programme covers Germany, Holland, Australia, South Africa, Switzerland, Italy and the U.S.

International Equipotel, Paris (October 12-20) will display equipment, materials and products for hotel and catering trades from world-wide sources. There will be a British Joint Venture stand.

China, Kenya and El Salvador will be guest countries having special displays at the Lausanne Fair (September 13-28).

## AMERICAN NEWS

## Argentine strike is total as late talks fail

BY ROBERT LINDLEY

BUENOS AIRES, July 7.

THE 48-HOUR general strike commerce is almost entirely shut down. There are no newspapers. Last night's offer of their resignations to President María Estela Peron by all her Cabinet members has done nothing to break the deadlock between labour and Government. Mrs. Peron has accepted none of the resignations. Reports that the commanders of the three armed forces jointly served the president with an ultimatum, demanding that she get rid of her standstill, with only the essential services—natural gas, electricity, telephones, tele-communications, and the like—being allowed to function normally. In Buenos Aires there is no transport except for a few taxis, and Ministry to-day.

Organised labour in only one province, San Luis—which has virtually no industry anyway—has ignored the strike call. The rest of the country has been brought almost to a complete standstill, with only the essential services—natural gas, electricity, telephones, tele-communications, and the like—being allowed to function normally. In Buenos Aires there is no transport except for a few taxis, and Ministry to-day.

## Oil problem for Ford re-election

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, July 7.

THERE is now growing concern in the Administration and the Congress that further increases in the price of oil this year could pose a new policy problem for America's economic managers, by threatening to undercut the hoped-for recovery.

These fears crystallised last week in a report by the new Congressional Budget Office, sketching out the damage that an additional rise in oil prices might do to the economy next year. The study assumes that OPEC increases oil prices by \$2.25 a barrel in September, that President Ford keeps on his present \$2 import tax on foreign oil, and that Congress and the Administration agree this summer to allow the price of domestic crude to rise to world levels over a two-year period.

If these conditions are met, then the Budget Office warns that the real GNP would be \$1.9bn. less than otherwise in the last quarter of this year, and that this shortfall would rise to \$3.1bn. in the second quarter of next year and to \$2.1bn. in the final quarter of the year.

The study would leave the economy with a real growth rate of about 5 to 6 per cent between the last quarter of 1975 and the final quarter of next year—but it would be appreciably less than might otherwise be expected. At the same time, the study estimates that the inflation rate from the oil and that Congress and the Administration agree this summer to allow the price of domestic crude to rise to world levels over a two-year period.

## Petroven directors named this month

BY JOSEPH MANN

CARACAS, July 7.

VENEZUELAN President Carlos Andrés Pérez has revealed that the Government is holding company which will control the country's giant oil industry after nationalisation this year will be called Petroven.

Speaking in the Venezuelan Congress during ceremonies celebrating the nation's 184 years of independence from Spain, the chief executive also said he would appoint Petroven's nine-member Board of directors this month, while Congress continues debate on the Bill that will make private oil companies property of the state. No relatives of the President of Venezuela, the Minister of Oil, or high officials in the Ministry will be allowed to join the Board of directors. The took office in March of last year.

Mines Ministry oversees and controls all activities related to petroleum and other hydrocarbons.

Petroven will establish its headquarters in Caracas and will be constituted for a 50-year period. The life of the oil monopoly can be extended for additional 50-year spans after the first period lapses. The state-owned company will receive an initial capital outlay of almost \$455m. from the national treasury and its capital will be represented by 100 shares of stock in the name of the Republic of Venezuela. The company stock may not be sold or transferred to any private individual or corporate entity.

Ever since President Pérez took office in March of last year, the Government has been steadily reducing oil production. Venezuela's oil output has dropped almost 800,000 barrels a day over this period and now stands at 2.3m. barrels per day.

Production next year is expected to fall to an average of 2.2m. barrels or less, according to Government officials.

Four countries will provide pilot projects aimed at the country's exploitation of oil reserves. The U.S., France, Romania and Japan will develop the projects under the supervision of the Mines Ministry, according to Celestino Armas, the Government's spokesman.

Oil matters in the Chamber of Deputies.

to have joint production in two or more countries.

The mechanism used for enforcing the programme—as for all the industrial and most other Andean Group programmes—is the largest market, and that a cut back would involve closing down existing and currently profitable operations. Colombia claims that with 35 per cent of the total Andean Group population of 65m., it should have a higher proportion of production.

Now that the basic problems

have been sorted out on petroleum, officials have to decide on the next step. For almost all ambitious form of programming petrochemicals the latter has been the motor industry, or to be seen at 35 per cent—referred to as high enough to give out the disputes. Negotiations on programme were simplified by the fact that there is little existing production in any of the six countries. Even so, the difficulties were considerable and in most cases will involve a steep initial drop to a common starting point.

The tariff system is backed up by a range of other measures designed to prevent countries from producing products which have not been allocated to them. For instance, the six Governments undertake not to give any large-scale production for a form of incentive—including tax

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## Grenada nutmeg association dissolved

By Tony Cazier

BRIDGETOWN, July 7.

THE GRENADA Government stating that it is dissatisfied that the majority of growers are receiving proper representation has dissolved the Grenada Co-operative Nutmeg Association, and frozen its assets.

For and troops have moved in to take over the association's headquarters building in St. Georges, the capital, and depot throughout the island. An order signed by Governor-General Sir Leo de Rosier on Friday announced the decision.

The association, thought to be the richest and best organised of all the agricultural organisations in Grenada has been fighting for some time to maintain its independence of government. Twice in the past five years Government has made unsuccessful efforts to gain control of its operations.

Already, some growers who cultivate other crops have announced they will not be cutting nutmegs in retaliation to the Government's move. The nutmeg and mace harvest has already been completed. The opposition New Jewel Movement has called on the public to move its deposits from Barclays Bank International, since Barclays has accepted to the Government order to freeze the association's funds.

## AT &amp; T victory in phone war

By Guy de Jongh

NEW YORK, July 7.

AMERICAN TELEPHONE and Telegraph has won an initial victory in its battle to suppress the fast-growing long distance private line service offered by MCI Communications, a small special service carrier based in Washington DC.

The Federal Communications Commission has ruled that MCI has not been granted the necessary authority to operate its "Execunet" long distance service and has ordered it to suspend it within 30 days. MCI has lodged an appeal with a Federal court.

The crux of the FCC's argument is that the "Execunet" service differs substantially from "foreign exchange" services of the kind offered by AT&T. Under the foreign exchange system, a customer can make telephone calls to numbers in another American city as if he had a phone in that city. MCI's Execunet service is designed to permit a customer in one city to call a number in a different city without going through AT&T's dialled long-distance telephone system.

Besides the petrochemicals and motor industry programmes, the commission is also negotiating a programme for chemical fertilisers. This is tied into the development of petrochemicals—since future production will primarily be in plant form—plant fertilisers have been given separate treatment because of their important role in the basic agricultural economies of the six countries. The programme makes no allocations, reduces tariffs on inter-Andean trade to zero immediately, and sets a low external tariff of 10 per cent on raw materials and 10 per cent on finished products.

Meanwhile the junta—the Andean Group's technical study group—is going ahead with studies and draft programmes for some other industries, including steel, glass, pulp and paper, chemicals, pharmaceuticals and electronics. The overall deadline by which all industrial programmes should be drafted and approved—originally December 1977, and later extended to the end of the year—will clearly not be met. However, both Government and group officials feel that it is worth going ahead with these programmes for the sake of the benefits derived from a large-scale production for a guaranteed market.

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## OVERSEAS NEWS

## Lebanese guns retaliate after Israeli raids

BY ISHAN HJAZI

BEIRUT, July 7.

CLASHES across the Lebanese border with Israel continued today after the Israeli air and sea attack overnight against Palestinian camps in the Tyre district along Lebanon's southern coast. The Lebanese army traded artillery shells with the Israelis while a military spokesman here said, shelled 10 border villages by the guerrillas and by killing one woman and wounding two others.

This brought to 11 the number of those known so far to have lost their lives in the Israeli attacks. Of these, four were members of the commando group, the Popular Democratic Front for the Liberation of Palestine, which said that at least two children were killed in the Rashidieh camp, the main target of the Israeli raids. Commando spokesmen said the Israelis lost one Phantom and suffered some naval casualties.

The Lebanese Government has sent a complaint to the U.N. Security Council but did not ask for a meeting by the council yet. This was announced here by Foreign Minister Philippe Bakla. The shelling across the border followed the firing of Katyusha rockets by the guerrillas at a number of Israeli villages and the town of Safad in northern Israel.

This was the guerrillas' own retaliation to the Israeli attack

intention of foiling current diplomatic efforts for bringing about an interim agreement in Sinai between Egypt and Israel.

Our Tel Aviv correspondent reports: While some circles attribute the Israeli retaliation to the bomb outrage in Jerusalem's Zion Square last Friday — the death toll of which has now reached 14 — it seems more likely that the Israeli raids had been planned earlier, but held in abeyance in view of the fragile situation inside Lebanon, which Israel does not want to exacerbate.

For example, the sea-borne guerrillas who staged the attacks on Nahariya and Tel Aviv's seashore Savoy Hotel are claimed to have originated from these bases. The lack of any direct connection between last night's raid and the Zion Square tragedy is underlined in large scale searches and arrests which were carried out in the West Bank during the past 24 hours for the men and the vehicle which brought the dynamited refrigerator to Jerusalem.

Reuter adds: Israel's ambassador to Washington, Mr. Simcha Dinitz, flew back to the U.S. today after three days of intensive consultations with Israeli leaders on the latest Middle East peace moves.

## Japan-Indonesia ties on the mend

BY CHARLES SMITH

TOKYO, July 7.

A FORMAL AGREEMENT on a decisive close to the unhappy largest venture ever under period in Japan-Indonesian relations which followed Prime Minister Tanaka's visit to Jakarta in January 1974.

The signature came after the Japanese Government agreed to put up 70 per cent of the funds for the project with a further 20 per cent to come from private Japanese banks and the remaining 10 per cent from the Indonesian Government.

The project will involve five Japanese smelting companies, Sumitomo Chemical, Nippon, Light Metal, Showa Denko, Mitsubishi Chemical Industries and Mitsui Aluminium. Seven Japanese trading companies will also participate, including the four biggest, Mitsubishi, Sumitomo and Sanwa, and Daiwa.

Agreement on the Asahan project (named after the river in Sumatra where the plant will be sited) coincides with a visit to Tokyo by President Suharto of Indonesia and appears to mark

## Namibia conference demands

By Our Own Correspondent

CAPE TOWN, July 7.

PREPARATIONS FOR a Namibian constitutional conference altered today when Damara tribal leaders announced in Windhoek that they would have nothing to do with the talks unless these were conducted under international supervision.

The leaders did, however, accept an invitation by the leader of the South-West Africa legislative assembly, Mr. Dirk Mudge, to discuss their demands with him later this week.

In addition to the demand for international supervision, Damara leaders say that the concept for self-determination in Namibia is being violated by the fact that Whites in the territory are South African citizens and should renounce their links with South Africa before taking part in a constitutional conference.

## More killings in Angola

By Jon Blair

SA DA BANDEIRA, July 7.

THREE SOLDIERS of the Unita liberation movement were captured and murdered by soldiers of the MPLA last week, according to Dr. Jonas Savimbi, President of Unita, who revealed this information in an interview over the weekend. Such occurrences are still frequent in Angola although not usually directed against his own movement, he said, "blaming members of both the MPLA and the FNLA for continuing to provoke anarchy."

Despite last week's attack, Dr. Savimbi is optimistic about the future. He said that there had been great progress in implementing the peace agreement between the presidents of the three liberation movements.

## FT ASEAN CONFERENCE

## Manila seeking to control U.S. bases

BY A SPECIAL CORRESPONDENT

MANILA, July 7.

PRESIDENT Ferdinand Marcos unequivocally told the U.S. today this former American colony that he wants to control the three recent more positive Asian American military bases in the Philippines.

"The word is out," Mr. Marcos said, "and I confirm it to you today that we want to put an end to the practice of extrajurisdictional control of the territory in our country in keeping with our dignity as a sovereign republic. We want to assume control of all these bases and put them to a productive economic as well as military use."

In a major speech clarifying his country's new foreign policy alignment, Mr. Marcos was careful, however, to specify that he also wanted to help the U.S. "maintain an effective presence over the air and sea lanes of the Western Pacific."

There was no reason why foreign troops should remain on Philippine soil, he said, "but having never been known as a worthless ally, there is no reason why we should deny them facilities which a historical ally might or must need in fulfilling its assigned role for the maintenance of peace in the region."

America has three bases, two Air Force and one Navy, in the Philippines, where about 35,000 American servicemen are stationed.

Mr. Marcos was speaking in Manila at the opening of the Financial Times conference on present and future financial markets in South East Asia. The conference is being attended by nearly 250 leaders of the international and South East Asian financial communities.

Observers saw Mr. Marcos' speech as "clearing the air as a prelude to talks with the U.S. and as reassurance to Asian change."

## Palestinian leader softens line towards Jordan reconciliation

BY ALAIN CASS

BEIRUT, July 7.

THE INTENSE debate taking place in the Palestinian movement over the proposed reconciliation with King Hussein is proving difficult and painful.

Negotiations with Jordan—apparently at an advanced and delicate stage—are led by Syria, which sees the reconciliation of arguably the two bitterest adversaries in the Arab world as a counterweight to Egypt's attempts at another interim agreement in Sinai, which would leave Syria both exposed and isolated.

The immediate aim is a meeting in Damascus later this month between the Foreign Ministers of Syria, Egypt and Jordan, and a senior Palestinian, which might eventually lead to the formation of an Eastern front against Israel.

Despite a good deal of optimism the Syrians are not convinced that things will move along so swiftly. They argue that Egypt, quite apart from the difficulty of getting the Jordanians and Palestinians together, is unlikely to commit itself to a meeting where her present policies could come under fire.

This view is shared by Mr. Salah Khalef Abu Ayad, widely believed to be the head of the disbanded Black September organisation, arguably the second most powerful figure of the resistance movement (behind Yasser Arafat) and certainly the most charismatic. In a wide-ranging interview with the Financial Times here, Mr. Khalef outlined the movement's position on the Jordanian issue as well as on other key issues.

"We cannot forget that King Hussein's primary victory in

September, 1970, was to cheapen the value of Palestinian lives," he said. "If we made mistakes in Jordan—and I have to admit that we did—his crime against us was a response out of all proportion."

Mr. Khalef's position seems to have softened. But if the were to be a reconciliation with King Hussein two conditions would have to be fulfilled. The first was that the Palestinian Liberation Organisation (PLO) should be allowed to re-establish a military and political presence in Jordan which would allow it both to carry out operations against Israel and campaign freely among the Jordanian people.

The second condition was that King Hussein would have to accept irrevocably the resolutions of the Rabat summit, which handed responsibility for the West Bank to the PLO. He doubted whether King Hussein would accept either.

Mr. Khalef also cast doubt on Egypt's support for the PLO. "Egypt wants a Palestinian state, of that there is no doubt, but who shall lead that state still appears in their minds to be undetermined," he said.

On the current round of talks to secure a second agreement between Israel and Egypt Mr. Khalef conceded "President Sadat's right to use whatever card he holds after the October war."

"But we still oppose the step-by-step approach. What we wish to know is, if Dr. Kissinger's efforts failed in March, what has changed since then? Is it Egypt's position on the Jordanian issue which will make the concessions this time?" Mr. Khalef concluded by giving a subtle and shaded definition of what now appears to be

## 'Lack of skilled' threat

BY ILSA SHARP

SINGAPORE, July 7.

SINGAPORE will be short of university graduates would be about 700 a year, and of every year over the 1976-80 period, said Mr. Ngiam Tong Dow, chairman of the Economic Development Board and permanent secretary at the Ministry of Finance (development division) at a seminar over the weekend.

Speaking at a seminar held by the University of Singapore and the Regional Institute for Higher Education and development, Mr. Ngiam said the shortfall of

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## POWELL DUFFRYN: again well served by broad spread of interests

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Years ended 31st March	1975	1974	1973
	£000	£000	£000
Trading Profit	12,583	11,328	8,992
Profit before Taxation	11,858	10,818	8,684
Net Earnings of the Year before Extraordinary Items attributable to Ordinary Shareholders	5,493	4,919	4,817
— per share in pence	21.5p	19.3p	18.9p
Ordinary Dividends	1,662	1,529	1,692
— per share in pence	6.51p	5.99p	6.83p
Dividend cover	3.3	3.2	2.2
	times	times	times
Return on Average Net Assets Employed	17.7%	17.7%	18.3%

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Powell Duffryn Chairman, Sir Alec Ogilvie.

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## Paris plays down UDI as police fly to Comoro islands

BY ROBERT MAUTHNER

PARIS, July 7.

FRENCH military police reinforcements have been sent to the Comoro Islands, the four-archipelago situated in the Indian Ocean between Madagascar and Mozambique, whose Parliament yesterday adopted a unilateral declaration of independence from France.

The police were flown during the night to Moroni, the capital, in five aircraft from another French Indian Ocean territory, Reunion, about 600 miles away. According to reports reaching here, they have replaced the Foreign Legionnaires who were guarding public buildings after the declaration of independence and who have now returned to their barracks.

Otherwise the situation appears to be calm. The French Government's representative in Grand Comore, the biggest island, who at first declared a state of emergency, called it off after only three hours when it became clear that the situation was completely quiet.

Nor is there very much excitement in Paris, where the declaration of independence was received "with serenity" — the very words used in a statement issued by President Giscard d'Estaing's office. The Cabinet will not discuss the latest developments until its weekly session on Wednesday.

Reports from Comoro today said that the archipelago's Parliament was meeting, but it was not entirely clear whether it would formally invest M. Ahmed Abdallah, the President of the local government, as President of the newly independent state, as had been rumoured yesterday.

If Paris has reacted so calmly to the unilateral declaration of independence, it is because the principle of independence has already been accepted in France.

## THE COMECON SUMMIT IN BUDAPEST

### Integration opposed by Romania

By Our Own Correspondent

VIENNA, July 7.

ROMANIA firmly opposed supranational integration plans at the recent Comecon summit meeting in Budapest, including the creation of a uniform electrical power system for the Soviet bloc. It demanded an increase of prices for farm products, and expressed its determination to maintain direct official contacts and conclude bilateral agreements with the EEC.

These were key points made by the Romanian Prime Minister, Mr. Manea Manescu, in his speech, the text of which was released only yesterday, after a ten-day delay by the Romanian news agency.

The Romanian Premier made clear that Romania wanted neither a common plan nor integration but merely co-operation based on the co-ordination of national plans. He spoke out in favour of an accelerated equalisation of levels of development, and put forward formal proposals for a gradual narrowing of these differences within the next 15 to 20 years.

He stressed Romania's interest in building joint production plants but added that it should be erected in the less developed member countries for preference. Romania would like to receive credits from interested partners to establish plants for mechanical and electrical engineering, electronics, and the production of special steels and chemicals on Romanian territory.

Romania tabled formal proposals for promoting the output and export of agricultural products. As Mr. Manescu stressed that at present costs were only partially reflected by the prices obtained in trade between Comecon countries, the suggestions clearly involve an upward revision of prices.

The Romanian Premier emphasised that parallel to contracts between Comecon and the Common Market, the East European States should directly conduct official negotiations with the EEC and conclude deals, conventions, and agreements with the appropriate bodies of the European Community. He announced that Romania will begin negotiations with the EEC, seeking to eliminate discrimination against Romanian exports.

THE COMECON summit meeting in Budapest may well have marked a turning point in the history of the East European economic organisation which now also includes Cuba and Mongolia as full members. For the first time in its 25-year-long history, the member states last month adopted a common plan of multilateral integration measures, involving joint investments during 1975-80 in developing Soviet raw material resources of Roubles 9bn, and decided to draw up a joint long-term co-operation programme up to 1990 for the raw materials, fuel, energy, engineering, farming and food industries.

The Hungarian Prime Minister, Mr. Gyorgy Lazar, stated in his closing address that the problems discussed and the decisions taken were of "enormous political significance." The Russian secretary of Comecon, Mr. N. Fadeev, spoke about a new phase of Socialist integration. Editorials of the East European Press vied with each other in praising the opening of a "new chapter" and described the Budapest session as an outstanding event of historic significance.

### The maintenance of direct contacts

The Romanian Premier, Mr. Manea Manescu, insisted on the co-ordination of the national plans, but spoke out obliquely against the idea of a unified power-system for Eastern Europe. He advocated the maintenance of direct contacts between the member states and the European Community, and submitted three proposals, the text of which has not been published, for the equalisation of development levels, the promotion of farm output, and concerning relations between Comecon and the EEC.

The Soviet Premier, Mr. Alexei Kosygin, was the first to

## Towards the supranational

BY PAUL LENDVAI, VIENNA CORRESPONDENT



Mr. N. Fadeev: "A new phase of Socialist integration."

announce that the Soviet annual and five year plans would have specific sections dealing with the realisation of integration measures. "These plan targets will be reflected in the respective plans of separate industries and the enterprises. The integration measures will thus, at all levels of economic planning, become constituent parts of the common plan," he added.

The institutional link between Comecon integration and national plans is much more than a merely symbolic gesture. It marks an important step towards supranational planning. The Albanians, who in 1961 stopped participating in Comecon, lost no time before launching a frontal attack on "the Tars of the Kremlin." Baskimi, the Tirana paper, stated that the Budapest summit had accelerated the "elimination of the political, economic and military identity of member states," and that henceforth planning for each state would be done by the Soviet Planning Commission. As usual, the Albanians exaggerated wildly, but there is no doubt that the crucial problems of national planning, that is the selection of economic priorities, will be heavily influenced by Soviet preferences.

Neither the final communiqué nor the published statements of the Premiers made any explicit reference to the politically delicate problem of the radical revision of intra-Comecon trade prices in favour of the Soviet Union at the beginning of 1975.

Instead the East European leaders expressed "thanks" and "appreciation" for the efforts undertaken by the Soviet leadership to meet the Comecon countries' needs for fuel and raw materials.

Mr. Kosygin not only promised that the Soviet Union would ensure long-term additional supplies of raw materials to the Comecon members, but also said that it had made some structural changes in its economy to provide for the future raw material needs of its partners. As the Soviet Union is their main source for imported raw materials, its

changes of the terms of trade have further strengthened Soviet influence against the background of the deepening crisis in the non-Communist world. Mr. Kosygin contrasted the economic and energy crisis in the capitalist world with the fact that "the Comecon member states have basically solved the problem of energy and raw material supplies for the forthcoming five year plan period."

Despite the price increases, member states also have to provide assistance (in form of machinery, equipment and labour) towards developing Soviet raw material resources. The joint investment projects of 9bn, transferable roubles (used as a unit of account, but not as common currency in intrabloc transactions) involve a paper and pulp plant, an asbestos complex, capacities for producing ferrous alloys, the building of a natural gas pipeline with an annual capacity of 15bn. cubic metres of gas for the six European comecon partners, and the construction of a 750 kV power transmission line from the Ukraine to Hungary.

Mr. Kosygin made it clear that the multilateral investment plan for 1976-80 is only the "beginning of the task of untangling efforts and resources" in order to solve the basic problems in such sectors as fuels, ferrous and non-ferrous metallurgy, engineering, and farm supplies. A project for creating a uniform electric energy system including co-operation with the power grid of Yugoslavia which, since 1966, is associated with Comecon, will be presented to the next session of the Comecon council.

Mr. Fadeev said that the system will include nuclear power plants with "immense capacity" and that their location required a "unified concept."

Central allocation of resources and the minimisation of costs within the group as a whole will give a powerful push to the tendency towards supranational decision-making. That is why a series of authoritative Romanian articles published before the

### The principle of unanimity

It is true that Comecon's operations are based on the so-called "interested party" principle. The central bodies can only recommend and propose; every member state has the right to decide whether it wishes to participate in any specific multilateral project or programme. But since the early 1960s when the Romanians successfully resisted supranational integration plans sponsored by Moscow, the situation has dramatically changed. The Soviet bargaining position is stronger than ever without explicitly changing the principle of unanimity and of voluntary co-operation, as embodied in the Comecon statutes. Faced with increasingly serious balance of payments problems and domestic strains in the wake of an over-ambitious investment programme, the Romanians have less scope for manoeuvre than before.

The trend both in Comecon as a whole, and in the economies of the member states is once again towards centralisation. Romanian declarations on sovereignty cannot substantially influence the effects of the world economic and energy crisis which evidently favour the principle of Soviet leadership within Comecon.

## W German retailers plan to increase investment

BY JONATHAN CARR

BONN, July 7.

AMID THE welter of gloomy data on the depressed state of the West German economy, a small ray of light has emerged from the retail trade sector. After two years in which investment dropped back markedly, the likelihood for 1975 is for some investment growth in real terms.

Last year was the worst for the retail trade in a quarter of a century. Despite a rise of 2 per cent. in consumers' real

incomes, the level of private savings was high and the trade for the first time saw a fallback in its turnover in real terms. Investment had already fallen off somewhat in 1973, but in 1974 it dropped by no less than 30 per cent. to DM3.5bn.

Now the signs are somewhat more promising, according to an investment survey carried out by the Ifo economic institute in Munich and involving some 1,180 companies in the retail trade.

The prospects are for a growth in total investment in 1975 of 10 per cent. to DM4.2bn, meaning clear growth in real terms since inflation is not expected to exceed 8 per cent. The survey reveals that a key reason for this lies in the decision of the big operators to step up their investment this year by about one-third after a two-year pause. Small businesses—those with under DM2m annual turnover—also plan a major investment boost. On the other hand, medium-sized firms with turnover of between DM2m. and DM50m. annually, which came off rather better than their competitors in the last two difficult years, are expected to cut their investment expenditure for 1975.

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## Soviet oil output up

MOSCOW, July 7.

SOVIET OIL production in the first half of this year was 6.9 per cent. higher than in the same period last year, the newspaper Pravda reported.

It did not give absolute figures. In the first half of 1974 the Soviet Union produced 224m. tonnes. The percentage rise appeared to indicate a figure of around 240m. tonnes this year. The 1975 production target is 489.4m. tonnes, scaled down from the 496m. tonnes estimated in the 1974-75 Five Year Plan.

Pravda said Western Siberia stepped up production by 29.5 per cent. on the period last year. Natural gas production rose by 7 per cent. on the period last year, a slight drop from the 8 per cent. rise recorded this time last year. It was 581m. cubic metres above the Plan.

Reuter



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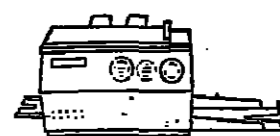
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odd-sized paper or a letterheading without disturbing the automatic paper system.

You can buy the Toshiba BD-702 (it costs a lot less than you imagine) or you can lease it—Toshiba has an inflation-proof leasing scheme which guarantees fixed payments. You won't be squeezed by steadily spiralling rental costs.

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F.T.8/7

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This announcement appears as a matter of record only.

## C. F. R.

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SOCIÉTÉ GÉNÉRALE

## HOME NEWS

## Conoco to take 30% of oil in Argyll Field

BY RAY DAFTER

CONTINENTAL OIL is to refine more than 30 per cent. of the first British North Sea oil being produced at the Argyll Field.

The company has signed an agreement with the field's operator, Hamilton Brothers, to receive crude supplies at its Humber refinery at the rate of about 10,000 barrels a day. The field's annual production has been estimated at 35,000 barrels a day on average.

The deal, announced yesterday, will make the Conoco refinery the biggest user of British oil, with over a tenth of its crude capacity coming directly from the North Sea.

Texaco, one of the consortium members in the Argyll Field, is to receive its first consignment at its Pembroke refinery to-day. This is the second shipment of crude from the field to be landed on the mainland.

The first arrived on June 18 at the BP's Isle of Grain refinery after a deal between RTZ and the British partners.

Conoco, which produces Jet petrol and Conoco derv and heating oils, said that the first cargo under its exchange agreement was expected at the Humber this month.

The refinery is being expanded from 80,000 barrels a day to 130,000 barrels a day at a cost of over £30m. Conoco said that the refinery was well placed to process low-sulphur

## Other Home News

Page 13

north-east of Aberdeen, had been unsuccessful. The well, drilled by Sedgwick 701, had been plugged and abandoned after tests had given "negative results".

In the Norwegian sector of the North Sea, the Amoco/Noco Group has found oil on well 2/9-6. Amoco said that the well, which tested a large structure identified as Valhall, indicated an oil-saturated section of over 300 feet within the chalk formation.

Tests showed an aggregate flow rate of 2,330 barrels of oil a day through a large structure identified as Valhall, indicated an oil-saturated section of over 300 feet within the chalk formation.

## EEC textile imports deal with Pakistan

BY RHYS DAVID

THE EEC Commission has now completed a second set of negotiations under the GATT Multi Fibre Arrangement aimed at ensuring a more orderly rate of growth in imports of textiles from the developing countries.

The latest agreement—with Pakistan—follows one with India, and will cover cotton and certain household linens of cotton. The agreement, which covers a three-year period from 1975-1977, still has to be ratified, but will nevertheless be welcomed by European textile industries as evidence that progress in the long-drawn-out MFA talks is being resumed.

The Indian and Pakistan negotiations are among the least complicated which the Commission will have to handle, as only cotton items are involved, but it has still taken more than six months for this latest agreement to be reached.

Further talks are due to take place this month with Colombia, Mexico, Hong Kong and South Korea. In the last two cases discussions will have to cover a wide range of products which the EEC countries want to see

## CUMBRIA OPENS LAKES GLASSWORKS

The first glass-making enterprise in the Lake District has been opened at Ulverston by Cumbria Glass. It will specialise in hand-made 18th Century-style glassware for which Cumbria says there will be considerable export potential—especially to the U.S., Europe and Japan.

## MARTIN EMPREX EXPANDS PLANT

Martin Emprex, Nottinghamshire-based lingerie and light clothing manufacturer and member of the Albert Martin Holdings group, has opened a new 15,000 sq. ft. factory and 6,000 sq. ft. warehouse at Sutton-in-Ashfield.

## IN BRIEF

## Tourist rush

OFFICIAL FIGURES now confirm speculation that the low value of the pound is attracting Continental Europeans to the U.K. Overall figures for the first four months, prepared by the Department of Trade and the British Tourist Authority, show that foreign visits to Britain (excluding Commonwealth, Irish and Irish Republic) rose by 13 per cent. against 1974. Arrivals from the EEC were up by the same 13 per cent.

The biggest increase was from Norway (42 per cent.). Spain and Austria (26 per cent. each) and France. Visits from the U.S. fell by 2 per cent. and those from the U.S. by 4 per cent.

## Foundry reopens

Head Wrightson is to reopen its iron foundry at Stockton, Teesside, where 120 workers were dismissed in January, making 170 workers redundant. The phased reopening follows the successful negotiation of a £2m. contract for tunnel segments for an underground railway system in Brazil.

## Roads ahead

Mr. Anthony Crosland, Environment Secretary, in his annual report Roads in England writes that in spite of the

## Executive jobless

Eight or nine unemployed executives go chasing every executive vacancy in the South West, according to Mr. Dick Lord, divisional development of the Professional and Executive Recruitment Service. In all, there are more than 5,000 unemployed executives in the South West, and because of this, the service is to run a series of seminars for out-of-work executives for those facing redundancy.

## Wishful thinking

Hopes of an upturn in the economy were dismissed yesterday by Sir Mel Rosser, chairman of the Welsh Council, as wishful thinking by politicians not supported by industrial reality. Speaking in Cardiff after a meeting of the Council, an advisory body to the Secretary of State for Wales, Sir Mel said: "Economists do not seem to be coming up with reasons to support this upturn."

## Amerada Hess Corporation

Warrants to Purchase Shares of Common Stock, \$1 Par Value, of Amerada Hess Corporation.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 3.A of the Warrant Agreement dated as of July 1, 1973 (the "Warrant Agreement") between Amerada Hess Corporation (the "Company") and The Chase Manhattan Bank (National Association) ("Chase") under which Chase and Banque Generale du Luxembourg, S.A., are Warrant Agents, the exercise price and the number of shares issuable upon exercise of a Warrant have been adjusted by reason of a 2 1/2% stock dividend declared by the Company on shares of its Common Stock payable on August 12, 1975 to holders of record of such Common Stock at the close of business on June 11, 1975.

Effective immediately after the opening of business on June 12, 1975, the exercise price of a Warrant, after giving effect to such adjustment, shall be \$44.68 per share and the number of shares purchasable, as so adjusted, upon exercise of a Warrant shall be 1.077.

No fractional share will be issued upon the exercise of a Warrant to purchase said Common Stock. As to any fraction of a share which the holder of one or more Warrants would otherwise be entitled to purchase on such exercise, the Company shall pay the cash value thereof determined as provided in the Warrant Agreement.

AMERADA HESS CORPORATION

Dated: July 3, 1975  
New York, New York

## NEWS ANALYSIS — PAPER

## Victim of ferocious slump

BY LORNE BARLING

THE BRITISH paper industry has come to fear the inevitable slump which follows a period of high demand, but the ferocity of the present downturn is unprecedented and has now claimed its first victim with the closure of Reed's Alex Cowan mill in Scotland.

Although the mill has been in difficulties since Reed took it over 10 years ago, the shut-down is a blow to the belief that smaller units, producing high quality paper for a specialised market, are safe from competition.

It also bodes ill for the traditional paper-making industry in Scotland, which suffered heavily in the previous downturn. In 1971 a total of 11 mills closed with the loss of nearly 6,000 jobs, about half of them in Scotland.

The announcement of the closure of the Valley Field Mill at Pentlands came at the same time as a warning from Sir Donald Cameron, chairman of Culler Glass Holdings, that the company is making losses.

Both have been operating at about 50 per cent. capacity and

produce a similar range of products. The cost pressures they faced during the past nine months have been enormous.

The rapid increases in the price of wood-pulp last year, which cost Culler Glass £500,000 more than the originally contracted price for the first half-year, was a major factor in the troubles of both companies.

The mill has been on the wall for Alex Cowan for many years. After breaking even or making a small profit, the company lost £3m. between 1970 and 1973. In an effort to reverse the trend, Reed reduced the labour force of 850 in 1970 to 450 by the end of 1972.

The improved market in 1973 immediately boosted volume but did little to assist the long-term viability of the mill, which has recently had a steady outflow of around £1m. a year—while running at 50 per cent. of capacity.

But more important to the industry as a whole, inflationary pressures have forced customers—who in the past bought fine paper on the basis of quality rather than cost—to look for cheaper alternatives.

The craftsmanship employed in traditional paper-making of this type had ensured that there was no real alternative, but new techniques in coating and printing have suddenly changed the situation. In terms of cost, the smaller and older machines have not been able to hold their own.

The ability of smaller companies to find a specialised corner of the market and retain it is now becoming increasingly doubtful in the face of improved technology. Any attempt to down-grade has meant a loss of competitiveness on price.

Recently Scandinavian producers, who enjoy the advantage of more reliably priced pulp supplies, have been making severe inroads into the British market, and many companies are seriously concerned that they may be forced to increase their duty-free quotas under the review of agreements between the European Economic Community and EFTA countries.

Other pressures smaller companies have suffered include price controls, high transport costs, soaring wages and higher pulp prices due to the devaluation of sterling against Scandinavian currencies.

The British paper industry as a whole is now wondering whether market conditions can get much worse. There have been widespread lay-offs as customers hit badly by inflation rushed to off-load large stocks of paper bought at the height of the demand peak last year.

It had been hoped that the process of destocking would end by the autumn and restore ordering to a moderate level, but it is now feared that it will be early next year before any significant improvement is felt. By that time there will certainly be more retrenchment in the industry.

One option which Reed faced at Cowan was to find alternative products, convert machines with heavy capital expenditure, and hope to find another market. Sales by clothing and with alternative production units available this was ruled out.

The company is able to salvage little from the operation, admitting that it cannot supply its customers from other sources within the group. Its only desire now is to direct former customers to other British suppliers, some of which are in Scotland, and urge them to support British industry rather than assist foreign suppliers.

## Brokers agree to changes in life policy commission

THE LIFE Offices Association and the Associated Scottish Life Offices agreed yesterday with the representatives of three broking organisations, the Association of Insurance Brokers, the Corporation of Insurance Brokers and the Federation of Insurance Brokers to introduce a new commission structure for life policies.

No details were released of the new structure except that the initial commission would be related to the premiums payable on the policy.

Under the present system, the initial commission is based on the sum assured—the death cover—at the rate of £2 for each £100 sum assured. Thus for the long term policies on young

lives, this commission could be more than the first year's premium and there has been considerable criticism of the system on this score as encouraging irresponsible selling.

The life companies and the brokers have agreed that such a changeover would be in the interests of the public. The agreement has to be ratified by the life companies' members of the two organisations and it is expected that this will be done by the end of the month. The intention is that the new scales will be fully implemented by July 1 next year.

The overall amount of commission paid by life companies under the new scale will be unchanged, but individual companies and brokers will be affected to varying degrees. One such class of brokers are the members of the Corporation of Mortgage and Finance Brokers whose representatives at the meeting disassociated themselves from the agreement.

The life offices will be recommending to their members that lower commissions be paid to certain categories of intermediaries who merely introduce the life business. The brokers have been pressing the life companies for a differential scale of commission to be paid depending on the function performed. The life companies and the brokers will be holding further meetings on this point.

## Unionists enlarge on Powell rift

By Our Own Correspondent

BELFAST, July 7.

THE WIDENING gap between the views of Mr. Enoch Powell and those of his Unionist colleagues has become public because of the reaction to his weekend speech, in which he said that Unionists must obey the will of Parliament.

Only one prominent Unionist has backed Mr. Powell's views. He is Mr. James Kilfedder, MP for North Down, who said that some politicians either deliberately or blindly were moving towards the notion of an independent Ulster. He called on the Unionist Party to oppose an independent Ulster.

Mr. Harry West, the Unionist leader, said that loyalty to the Crown did not necessarily mean loyalty to the British Government.

The Rev. Ian Paisley described Mr. Powell's views as "utter nonsense" and said he failed to understand what was meant by traditional Unionism. The Vanguard Unionist Party also said Ulster's first loyalty was to the Crown.

## Airport loses £10,000

THE East Midlands airport at Castle Donington near Derby has made a loss. The operating deficit for the year was £10,000 compared with a £170,000 surplus the previous year.

The half-million-plus passengers during the period was 10 per cent. down on the previous 12 months, but there was a 26 per cent. increase in freight carried.

## Cambridge first class degrees have doubled

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A DOUBLING over six years in the proportion of Cambridge undergraduates obtaining a first-class honours degree is shown by statistics published by the University Grants Committee to-day.

The figures show that in 1972, almost 21 per cent. of Cambridge's 2,572 bachelor-level graduates were awarded first-class honours, compared with 10.5 per cent. in 1967. Of the remainder 71 per cent. received second-class honours (63 per cent. in 1967); 6 per cent. "other honours" (20 per cent.); and about 2 per cent. were given pass or ordinary degrees (8 per cent.).

By contrast, Oxford's top awards remained constant. The proportion receiving first-class honours was about 9 per cent. of the 2,558 bachelor-level graduates in 1972, and very much the same for 1967 when 2,493 new graduates were produced.

In 1972 the share receiving Oxford second-class honours was up to 62 per cent. from 55 per cent. six years previously. Statistics of Education 1972—Vol. 6, Universities. S.O. 44.75.

## House prices increase by 3% in six months

BY JOE RENNING

HOUSE PRICES in the first six months of this year have risen by an average 3 per cent. according to the Anglia Building Society. An analysis by the Society published yesterday shows an almost identical rise for houses, "second hand" modern houses and older, pre-1919 properties. The figures disguise any regional differences but on the whole most activity has been taking place at the lower end of the market.

The lowest end of the market varies from region to region and can mean up about £10,000 in some country areas and up to £20,000 in London.

One conclusion of the survey is that the present state of the market and economic uncertainty is tending to sit tight in the property they have rather than move. This has meant a doubling of the demand for home improvement mortgages, or topping up of existing mortgages, for this purpose over the last year.

The Society's chief surveyor, Mr. R. J. Cook, says that this type of loan demand would increase substantially were it not for the fact that the available finance has to be limited to essential works. He adds that while house owners are showing a "notable spirit of self-help" this kind of sitting tight is leading to a shortage of housing for the newly marrieds.

## GO-AHEAD FOR £3M. HOUSING PROJECT

NORTHAMPTON, July 6. Council officials at Wellington, Northants have approved a £3m. housing and road scheme, which now has to be accepted by the Department of the Environment.

## £1m. boosts literacy campaign

By Michael Dixon, Education Correspondent

THE GOVERNMENT'S £1m. grant to tackle adult illiteracy has bought a "reasonable" response from local education authorities, the Adult Literacy Resource Agency said in London yesterday.

The agency, set up to distribute the grant, said that almost all 105 local authorities in England and Wales had bid for shares of the money, and about £750,000 had been allocated. They were already beginning to use the funds to aid the estimated 2m. adults in this country unable to read or write.

The £1m.—which represents about 17p for every £1,000 of the total State education budget—was now "having a crucial effect on literacy provision all over the country," said Mr. Bill Hughes, chairman of the Agency's management committee.

This is the most exciting initiative in basic adult education for years," he added.

A key factor in the campaign is the recruitment of a volunteer force of tutors to be trained to teach reading and spelling to the adult, whose difficulties are often compounded by embarrassment about their deficiency.

Although around 5,000 volunteer tutors have already come forward, the agency said that many more were needed if the campaign was to be successful.

By contrast, Oxford's top awards remained constant. The proportion receiving first-class honours was about 9 per cent. of the 2,558 bachelor-level graduates in 1972, and very much the same for 1967 when 2,493 new graduates were produced.

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## £8m. scheme for Chelsea Cloisters

By Joe Renning

A LOAN of nearly £8m. is likely to be made by Kensington and Chelsea Borough to a church charity to buy and refurbish Chelsea Cloisters, the well-known block of flats in Sloane Street.

Of this, £5m. will be to buy the freehold and the rest will be for refurbishment. Last week the borough's housing committee recommended approval of the loan.

The freeholders are the Freshwater Group and the potential buyers are Service Houses (Heath and Home), a housing group run by a religious order.

In recent years about half of Chelsea Cloisters has been run on a quasi hotel basis, with short leases to mainly overseas visitors. There has been increasing criticism of this system by local residents.

It is understood that Service intends to allocate the accommodation to essential workers, pensioners and the single, with existing tenants staying protected.

## Sales drop sharply in May after Budget buying spree

BY MICHAEL BLANDEN

RETAIL sales dropped sharply in May after the previous month's Budget spending spree, but the basic trend has remained fairly stable so far this year.

The final figures of the volume of retail sales in May confirm the 15 per cent. fall from the exceptionally high April level, while new instalment credit advanced by 9 per cent. down between the two months. However, taking April and May together—balancing out the short-term impact of the Budget—the average monthly volume of retail sales was about the same as in the first quarter of this year.

The seasonally adjusted index of the volume of retail sales in May was now put at 102.5, close to the provisional estimate of 103 published last month, against 120.2 in April. The figures were affected by the April 15 Budget announcement of high VAT rates on "luxury" goods taking effect from May 1, which brought a boom particularly in the durable goods sector where the sales index leapt from 126 in March to 185 in April.

This was more than reversed in May with the index for durable goods shops falling back to 106. There was a small impact in food shops and in the other non-foods sector (which includes department stores and mail-order business). Sales by clothing and footwear shops were also lower.

Taking the latest two months together, the durable goods shops still showed a substantial rise of 12 per cent. compared with the first quarter, but there were declines in other sectors.

The instalment credit figures show a similar pattern, though with a rather more modest set-

back in May. On a seasonally adjusted basis, new instalment credit advanced was £247m., some 9 per cent. lower than the inflated April figure but much in line with the average monthly level during the first quarter.

The impact was felt more by retailers than by the instalment credit companies. Retailers saw

RETAIL SALES AND NEW INSTALMENT CREDIT

	Retail sales Volume* 1971=100	New Instalment Credit £m.
1972	105.8	2,097
1973	110.7	2,571
1974	109.9	
1975 1st	111.2	781
2nd	108.3	681
3rd	110.4	717
4th	112.0	712
1974 1st	109.8	576
2nd	107.3	612
3rd	111.0	648
4th	111.6	679
1975 1st	111.5	723
1974 Oct.	111.4	231
Nov.	112.8	224
Dec.	110.8	226
1975 Jan.	113.0	246
Feb.	112.3	243
Mar.	109.4	234
Apr.	120.2	271
May	102.5	229

\*Seasonally adjusted. Source: Department of Industry.

a drop in the amount of new credit advanced from £168m. in April to £145m. in May, but the finance houses maintained their level at £102m.

## Banks stop Giro use of transfer system

BY MICHAEL BLANDEN

THE BIG clearing banks have stopped the National Giro from using their telephone transfer system in relation to the rate-support grants paid weekly by the Department of the Environment to local authorities.

The banks argued that the system, designed to provide "same-day" transfer of funds to meet exceptional circumstances, was being used regularly by the Giro in circumstances which enabled the Giro to take advantage of overnight interest on the money involved.

The payments are made each Tuesday, and under the system the Giro was able to take credit for the funds immediately, and to credit them to the local authority accounts the next day, through its access to the clearing banks' telephone transfer system.

This enabled the Giro to gain overnight interest on the funds, which it has been splitting with the local authorities. The banks maintain that the system, intended to meet exceptional circumstances, was being used inappropriately and becoming overused, and from the beginning of this month the Giro has stopped using it for this purpose. It is now using its own systems to send cheques to the local authorities.

It is expected, however, that the issue will be settled in September. It is planned that at that time the payments will be moved to the Bankers Automated Clearing Services operation, which, once a few technical points have been ironed out, should be able to provide a similar same-day service.

## Cash crisis may restrict Age Concern services

BY ERIC SHORT

AGE CONCERN England, is facing a cash crisis which could result in thousands of old people suffering if the voluntary services provided have to be cut or withdrawn.

A national appeal has been launched with the primary aim of raising £50,000 by the end of the year. But the intention is for the appeal to seek longer-term support and concentrates on local launches.

Age Concern is a registered charity and is at present dependent on public support with grant from the Department of Health and Social Security for its field work. There are some 1,000 Age Concern groups (sometimes known as Old People's Welfare Committees) throughout England, co-ordinating the work of 60,000 volunteers.

A variety of essential welfare services are provided, mainly basic support such as visiting, lunch clubs, day centre facilities and transport.

Income during the year ending March 31, 1975, from donations only increased by 9 per cent.

## Baroness Stocks dies at 83

THE death of Baroness Stocks, the life peeress, economist and broadcaster, was reported yesterday. She was 83.

Lady Stocks was well known for her appearances on the radio programme "Any Questions?" She became a suffragette at 16 and was a life-long supporter of the Labour Party until last year when she left to sit on the benches in the Lords.

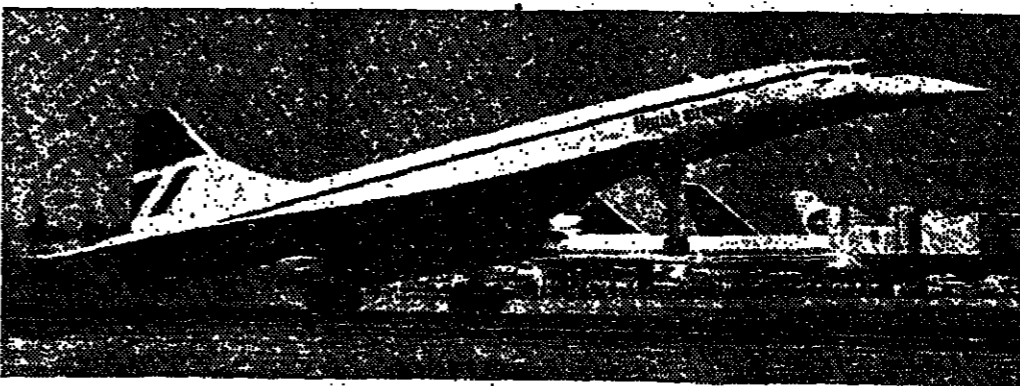
Her reasons for leaving were that she had no confidence in Mr. Harold Wilson. She considered that his policies were leading to government by consensus and she was nervous of the policies of Mr. Anthony Wedgwood Benn.

Lady Stocks was created a life peer in 1966. She was an active member of the Lords and served on many special commissions.

## MARINE INSURANCE MEN TO MEET

Marine underwriters of the Commercial Union Assurance Co. to meet in Singapore for three days in September to discuss current problems affecting the international marine market. The conference will be chaired by Mr. E. D. Rainbow, C.U.'s general manager responsible for worldwide marine and aviation business, who is also chairman of the Institute of London Underwriters.

In January, at the I.L.U.'s annual meeting, Mr. Rainbow warned that intensive competition resulting from over-capacity was leading to unrealistic rating levels. He has called the September conference to discuss methods of combating such dangers.



Concorde taking off from Heathrow yesterday.

## British Airways launches endurance tests with day-trip to Bahrain

## Concorde faultless after flight delay

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BAHRAIN, July 7.

THE BRITISH production Concorde—aircraft number four—began an intensive development flying programme to-day with a flight to Bahrain and back to London.

The aircraft was one hour late on leaving Heathrow because the towbar linking the tractor to the aircraft's nosewheel jammed and took 35 minutes to free. This cost Concorde its departure time slot which added further to the delay.

Officials of the Department of Industry, the British Aircraft Corporation and British Airways were relaxed about the problem. "This is what the programme is all about," I was told. "We will get that kind of snag sorted out. It is a ground equipment problem and has nothing to do with the aircraft."

The endurance flying programme is aimed at clearing all remaining snags in the long flight test programme so that British Airways can get its Certificate of Airworthiness this autumn.

During its endurance flying programme Concorde will fly a series of 52 flights to such destinations as Bahrain, Bombay, Kuala Lumpur, Singapore, Beirut, Damascus, Melbourne and Gander, accounting in all for about 440 hours.

Air France and Aerospaciale are conducting broadly similar series flights, mainly to South America and West Africa. Mr. Henry Marking, managing director of British Airways, who flew with me to Bahrain said he expected a successful outcome to the current series route negotiations with many countries.

This would make the London-New York Concorde fare about £548 return against the present £444. For Melbourne, Concorde return would be about £1,583 against present £1,427.

British Airways would be very optimistic about Concorde, Mr. Marking said. "This is one of the world's biggest steps forward in transportation and we in British Airways intend to make maximum opportunity with it. We are confident it will be a success."

But he emphasised that speed in the air must also be matched by speed on the ground—which would seem to be one good reason why all involved in Concorde should ensure that towing bars work properly.

Concorde performed faultlessly during the flight to Bahrain, which took 3 hours and 45 minutes to cover 3,500 miles. Maximum speed was just over 1,500 mph.

When fare-paying passenger flights start, Bahrain will be the first stop on the London-Singapore route and on to Melbourne.

In the 1850's someone discovered gold in the Australian hills. Suddenly, the rush was on.

From a business point of view it hasn't stopped. Australia is a great place for business. Because of its 'boom' country history, it's not only a market that's ever-increasing in size, it's a prosperous one as well. From there you can quickly service the expanding Asian and Pacific Islands markets.

In either case the banking services

of the Midland Bank Group will prove very useful. We're a shareholder in Euro-Pacific Finance Corporation, which operates in Melbourne and Sydney. And we're part-owners of one of Australia's leading merchant and investment banking organisations, Capel Court Corporation.

We are also a shareholder in Midland and International Banks Limited (MAIBL) which is headquartered in London and which has a representative

office in Melbourne.

Through these companies we can provide you with short, medium or long term finance and a host of financial services to assist your Australian/Pacific enterprises.

Whether you need information on the opportunities or our finance to help you cash in on them, you should talk to us.

Speak to any Midland manager. Or contact one of our thirteen international branches in Britain direct.



Midland Bank Limited International Division, 60 Gracechurch Street, London. Branches in Birmingham, Bradford, Bristol, Cardiff, Hull, Leeds, Leicester, Liverpool, Manchester, Newcastle, Sheffield, Southampton.

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### At 65°F Jim's lively, at 75°F he's dozy, at 85°F he's bitchy, and at 92°F he's just plain homicidal!

Who is he? He's just an ordinary warm-blooded human being who happens to work in a factory.

And just like you and everyone else, he's not at all happy when he's either too hot, or too cold. In fact, research shows that he's only really at his best at around 60° to 72°F.

When factory workers do get too hot (because of poor ventilation) they either become lethargic, and your productivity suffers; or they get irritable and cack-handed, and your accident graph starts climbing.

You know yourself, how when the sun brews up the office windows, the yawns begin to bloom and soon everyone's working on only three cylinders.

Well, in a factory it's ten times worse—particularly if there's glass in the roof. For, from every 15½ sq. ft. of glass, the sun produces as much heat as a 1 kw. electric fire. Add to that the choking heat from the machines, and all those sweating bodies, and you know why Colt deal with about 4,000 ventilation emergencies each year.

So try spotting the symptoms yourself before your production starts to flag, or shop stewards to agitate.

Walk around the factory on the first hot afternoon. If after a couple of hours you find yourself getting rather bitchy, please leave immediately and ring Colt—before you reach the homicidal stage.

Colt International Ltd. (Heating, Ventilation & Industrial Access), Havant, Hants.  
Tel: Havant 6411. Telex: 86219.

**People work better in Colt conditions.**







## The Executive's World

EDITED BY JAMES ENSOR

## An Irishman revitalises Heinz

BY GUY DE JONQUIERES in Pittsburgh

"FIRST SALE in England: I and exchange rate fluctuations then called on Fortnum and Mason and sold them several varieties of our finest and newest goods, this being the largest of London and suburbs and even shipping. Having thus succeeded without even an introduction in opening the way for our goods on this side of the pond, I was highly delighted."

This was how H. J. Heinz described his first excursion into the export trade almost 90 years ago. Since then, the company he set up in 1869 has hugely expanded its international business to embrace manufacturing operations in more than a dozen countries and export markets in many more. Heinz's 57 varieties (there were more than that even when the slogan was coined) are a household word throughout the world, and products now include tuna fish, pet food, baby food and frozen pizza, as well as the traditional pickles and ketchup.

## Britain

Britain, Heinz's first export market, remains its single largest centre of overseas operations, and activities in the U.K. have been expanded in recent years through the acquisition of W. Darlington and Pickering Foods in 1969. Moreover, despite Britain's economic problems, business there has held up well: it was the only overseas operation to increase its profits during the last financial year.

Foreign sales form a substantial part of Heinz's business, amounting to roughly \$700m, or 43 per cent of total turnover in the 1975 financial year just completed. They have also been a traditional money-spinner, making a disproportionately large contribution to profits and enabling the company to report an unbroken record of annual earnings increases in each of the past 12 years.

The 1975 financial year, however, saw an abrupt reversal. Foreign net operating income dropped sharply by 22 per cent, to \$18.5m, two-thirds of which came from British operations. A number of factors are blamed, chiefly the deterioration in international economic conditions, the impact of price controls in a number of countries



"I have suffered no great cultural shock working for a large U.S. Corporation," says Tony O'Reilly, who was appointed Heinz's senior vice president for Europe in 1971 after helping build up the Fitzwilliam conglomerate in his native Ireland. But he does observe considerable differences between business practice in the U.S. and Europe.

He appreciates what he calls the "very explicit nature of business dealings in the U.S."

It owns in whole or in part, and therefore has significant control over its costs, it can obviously do little to protect itself at times when meat prices are relatively low and tuna demand ebbs.

The unevenness and unpredictability of Heinz's domestic profit clearly demanded attention. Beginning in 1972, the company undertook a major programme to revitalise its non-STAR-kist U.S. operations. New executive talent was brought into the Heinz-U.S. division from outside, the marketing, in the U.S. was Skyline Farms,

the quality and volume of financial information," which seems partly from effective government policing but, like many American businessmen, he also fears that official regulation may be becoming excessive. To avoid this, he suggests legislative proposals should be more fully costed out. "The public should be told how much, say, new environmental standards will cost them and should then be allowed to decide if they want them."

an unsuccessful project which had been intended to supply the Ore-ida frozen potato and onion operation. This has been Heinz's only recent venture into growing its own produce. Also disposed of were the Moss-Waltham meat-packing business in the U.K. and a Mexican subsidiary.

According to Mr. O'Reilly, the company's yardstick-to-day calls for a minimum after-tax return on sales of 4 per cent for each of its operations. Whether every individual U.S. operation yet meets that criterion is not clear — the foreign ones certainly did not do so last year — but in the aggregate Heinz's latest results indicate that the objective is being achieved.

Employing tighter management controls and fresh marketing ideas, Heinz has improved its position in several established U.S. markets and made an encouraging showing in some new ones. After a period of problems, Ore-ida is achieving steady growth in its own field, while new life has been injected into sales of some older brands, notably steak sauce. Heinz has also managed to increase its share of the baby food and cat food markets, though in both cases it is still far from being the market leader.

In the brand-name soup market, the company seems likely to remain a perpetual underdog to Campbell's, which has more than three quarters of the American market (though it has a smaller share than Heinz in the U.K.). But Heinz has had a promising response to its newly-introduced country brand soup—which is slightly cheaper than Campbell's competitor — and it has established a dominant position as a supplier of canned soup to private label distributors.

A large and profitable market for Heinz is the catering business, where it claims to offer a broader range of products than any competitor, including several items which it does not sell retail. In addition to such standbys as mustard, ketchup and relishes, the company recently launched a successful programme of supplying frozen pizza for school lunches (not offered at retail so far).

All the indications are that improving the profitability of its U.S. operations will remain

Heinz's top priority for the foreseeable future. While the company does not exclude the possibility of further expansion abroad, the uncertain international economic climate seems to have made it somewhat wary of large new financial commitments overseas, especially in the U.K. "We would certainly be more cautious and thorough in investigating major capital and equipment investments in Britain than we were five years ago," Mr. J. Wray Connolly, Heinz's treasurer, admits.

## Pioneered

While transportation costs make it impracticable for Heinz to sell most of its products outside the country of manufacture, it is examining the possibility of adapting some newer processes pioneered by its foreign operations for use in the U.S. Foremost among these is the aseptic canning process developed by Heinz's British operation for packaging baby foods. So far this process has been used only for milk-based products, but if it can be extended to other food items it could enjoy numerous applications.

Earlier this year Heinz entered a \$260m. bid to acquire A. E. Staley, the second largest U.S. processor of corn and a major soyabean processor. Staley has conducted substantial research into substitute proteins, especially Textured Vegetable Protein, and has developed a range of non-sugar-based sweeteners. The proposed merger offered Heinz an entry into several new areas and also promised to provide new supply sources for several items of which Heinz is a major user, notably sweetening products.

The bid was withdrawn after meeting opposition from Staley's Board. It is clear, however, that Heinz is still very much on the lookout for other acquisition opportunities. While declining to say whether any are under active consideration at present, company executives concede that they are interested in mergers which would either take Heinz into new areas of food processing technology or would strengthen its wholesale distribution network.

## BUSINESS LAW

## Who's to blame?

BY A. H. HERMANN

LIABILITY for defective products—a problem highlighted by the Thalidomide case—has no place of its own in standard text-books on English and Scots law and is one of the most urgent items on the agenda for business law legislation throughout Europe.

Provisions against such risks cannot be made by the consumer and even the producer may not be in a position to meet claims for damage in the case of a great disaster. Moreover, no industrial country is willing to burden its industry with greater responsibility than that imposed on the industry of its competitors.

One accident may give rise to several claims, each in a category treated differently by the present law, according to whether the claim is for personal injury or death, damage to property, or economic loss. Even claims of the same sort, for injury, for example, may now be treated differently according to whether the injury was suffered by the person who bought the product or someone else—a husband for example—as illustrated by the decision in the case of Daniels and Daniels v. R. White and Sons Limited and Tarbard.

Mr. Daniels purchased some lemonade from Mrs. Tarbard which had been manufactured and bottled by R. White and Sons. The lemonade contained carbolic acid which had been introduced into the bottle in some unexplained way. Mr. and Mrs. Daniels both drank it and were made ill by the carbolic acid. The claims against R. White and Sons by Mr. and Mrs. Daniels were dismissed because they failed to prove that the presence of carbolic acid in the lemonade was due to negligence on the manufacturer's part. Mr. Daniels' claim against Mrs. Tarbard for damages for breach of contract was successful. But Mrs. Daniels received nothing because the lemonade was bought by her husband and she was not a party to the contract with Mrs. Tarbard.

In the case of damage to property the situation is different: the onus is the manufacturer's to prove that the product's defect had occurred without fault on their part. Turning to the Thalidomide case—has no product itself one finds the law very uncertain. A householder who bought roof tiles which began to disintegrate after a year would probably not succeed with a claim for cost of re-roofing his house.

A joint working party of the Law Commission and of the Scottish Law Commission, chaired by Professor Aubrey L. Diamond, has explored admirably all the possible ways in which the existing law might be changed. The most essential of these are: Who should be liable? How should defect be defined? To what products should strict liability apply? Should a financial limit be set upon the amount recoverable on the basis of strict liability?

In a somewhat wider setting, the problem has also been studied since 1972 by the Royal Commission under the chairmanship of Lord Pearson and both the EEC Commission and the Council of Europe.

The EEC proposals will probably be obstructed by the opposition of Germany and Italy and the only hope of some progress seems to rest on the Draft Convention on Product Liability prepared by the Council of Europe in March, 1975.

The main provisions of the Draft European Convention on Product Liability would make the producer liable to pay compensation for death or personal injuries caused by a defect in his product. It defines a product as "defective" when it does not provide the safety which a person is entitled to expect.

The legislation for which this calls would not be substantially more severe than the law now applied in France and would come close to most of the State laws of the U.S. Yet this Draft Convention could be nipped in the bud by an EEC rule that member States must not adhere to it individually but must wait for a Community solution. It will depend also on the attitude of the British Government whether such a rule is adopted in Brussels.

Liability for Defective Products. The Law Commission Working Paper No. 64. The Scottish Law Commission Memorandum No. 20. S.O. 172pp. £2.

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TUESDAY, JULY 8, 1975

## An ambiguous policy

THE FIRST week since Mr. de la Maza's announcement of a sterling Healey's announcement of a sterling volte-face by the Government has done nothing to resolve the basic ambiguity of the new approach. Mr. Wilson seems determined to keep not so much his options as his epithets open. Is the Government monetarist or dirigiste? Is it possible to have a statutory policy which is not a restraint on the unions? The answers are posed in a characteristic series of Wilsonian riddles and double negatives. Nothing has yet been said which is inconsistent with a sound policy based on inflationary economic policy disciplines of stable money. Neither, unhappily, is anything so far said inconsistent with a return to the errors of the past.

### Credibility

The logic of Mr. Wilson's speech to the miners yesterday was forceful and telling, but not altogether irrefragable. What he spelled out clearly was the logic of monetary discipline in one industry: more wages, fewer jobs. He rightly ruled out the subsidy and borrowing without ambiguity: the Government's whole credibility hangs on a determination on these points—a determination only recently challenged, and successfully, by the railwaymen. However, he dealt too cavalierly with the question of what would happen if higher wages were allowed to be reflected in higher prices.

### Appeal to loyalties

It is not enough, or even strictly accurate, to say that this would simply make the inflation worse. In an economy which was effectively being disinflated, a rise in the price of a basic commodity like coal would simply make the unemployment worse, since more money for coal would leave less to spend on other products. Had Mr. Wilson explained that it was for this reason that the Government was determined to restrain the rise in costs in the sectors it controls itself, he would more effectively have appealed both to the working class loyalties and to the miners and to the conf-

## Germany waits for the autumn

IT IS NOW over six months autumn and if present trends since the West German authorities continue, it may become a winter of economic recession. The dis- the Bundesbank, however, so far count rate has fallen in this period from 7 to 4½ per cent. wait for existing measures to take effect. If the Bundesbank continues for industrial investment and increases in Government spending both at the Federal and Länder level. Yet that recovery has so far proved almost as elusive as the German. There may be also a boost to German exports as the dollar continues to strengthen. There should be some mild boom at home as companies begin to restock, and from a rise in private consumption. The Bundesbank estimates that private purchasing power has risen more than 7 per cent, on a year ago, but that nearly half of this has been going into savings. Sooner or later consumer demand will increase.

### Stagnation

By far the worst of the latest series of economic indicators are those for employment. At just over one million, the number out of work last month was the highest June total since 1954. There were a further 800,000 or so on short time and a number of notified vacancies—at 263,000—was actually falling. The unemployment rate was 4.4 per cent in a month when all seasonal factors ought to have been keeping it down. There is little imagination to see that the winter figures will be even worse if the recovery still fails to materialise, and probably even if it does.

### Production index

Other indicators offer no more comfort. Industrial production in May stagnated and in April and May together was down 2 per cent. On February and March. The index for new orders scenario of the recovery just in May fell to 127 (1970=100) around the corner. But by after running at 133 in the first autumn the Government is going quarter. Even the German export machine seems finally to have come up against the reality of the world recession: export orders in the first four months of the year were down one sixth compared with the same period of 1974. The Federal and Länder Governments have meanwhile gone so far into deficit as to require an urgent tax increase, but it simply cannot be done in present circumstances. Thus there is now talk of a further round of deflation in the

# Storm clouds over U.K. civil aviation's new flight path

By MICHAEL DONNE, Aerospace Correspondent

CONCERN is being expressed in the U.K. civil aviation policy review being carried out by the Government—both in relation to the effects of the review on the independent airlines, and in relation to the manner in which the review is being undertaken. There is a fear in British Caledonian, the "second force" international airline, that the Labour Government may be planning substantial changes in it, either by outright nationalisation and merger with British Airways, or by slowly downgrading it by suspending or removing its route licences. Other independent operators are afraid that, by changing the licensing rules, the Government could force them back to the level of insignificant operators on the fringes of an even bigger State corporation.

## No means of knowing

Whether these fears are or will be justified no-one in the industry has any means of knowing, because, for the first time in many years, a major change in the structure of civil aviation is being planned virtually in secret. It is this situation which is giving rise to much of the criticism, for it is seen by many as part of the current Whitehall trend away from "open government". In the past, most of the major changes in civil aviation have been conducted openly. The best examples are the Cadman Committee of 1938, which led to the merger of Imperial Airways and the first British Airways (both privately owned) into the State-owned BOAC in 1939-40, and the more recent Edwards Committee of 1969, which led to the creation of both a new State-owned British Airways by merging BOAC with BEA, and a "second force" independent airline, British Caledonian. In each case, there was much discussion, both inside and outside Parliament.

The current review, however, is being conducted in a different fashion. A committee of civil servants in the Department of Trade has sent a report to the Secretary of State, Mr. Peter Shore, after written submissions from the airlines and down to some limited discussions. No development, sustaining and what is in the report, or even substantial balance of payments involved in compiling it. So anxious has been no announced intention of publishing all or any part of it.

Yet it is being used as a basis for decisions—expected to be announced before the summer recess—that could have far-reaching effects on the structure and conduct of U.K. civil aviation for years to come. As a result, the airline industry is riddled with rumour, with the independent airlines in particular concerned lest their present hard-won rights to fly

Mr. Adam Thomson, chairman of British Caledonian, and BCAL Boeings at New York. The airline claims its entry into the North Atlantic arena increased the U.K.'s share of traffic on the London-New York route by 25 per cent, and on the London-Los Angeles route by 100 per cent, before collective airline losses led to its suspension of the service.



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BCAL points out that on the South American route its profitability was greater last year than at any period since the former BOAC abandoned the route as unprofitable ten years ago. On the London-Los Angeles route, it says, its efforts resulted in a 100 per cent increase in the U.K. share of the market. On London-New York, its participation led to a 25 per cent boost to the total U.K. market share, and, although it has suspended North Atlantic operations in the light of collective airline losses, the company says that it intends to return to the route when the economic climate permits. On West Africa, BCAL says that since 1971 it has achieved a U.K. market share greater than that attained by BOAC in the previous decade.

What BCAL appears to be afraid of is that these achievements will be disregarded, and that the present Government may use the policy review as an occasion for substantially downgrading it as a major force in the U.K. airline industry. One reason given for the current review is that the present financial situation of the U.K. airline industry is depressed, as a result of economic conditions, and that something needs to be done to strengthen it. BCAL's own cutbacks last autumn, combining some redundancies with suspension of North Atlantic operations, are cited as evidence in favour of this argument. Many in the industry argue however that all the world's airlines are suffering in much the same way (some worse than others, such as Pan Am and TWA), and that this situation should not be used as an excuse for settling old political scores.

Many in the independent sector argue also that the present framework is right for the industry, and that, provided the airlines are left alone to settle their own financial problems in their own way, there is no reason why the present "mixed economy" in the airline industry should not serve the world well when world airline conditions improve—as many believe they will before the end of this decade.

British Airways, on the other hand, argues that it is more than capable of fulfilling all the U.K.'s requirements for both overseas and domestic airline operations. Mr. Henry Marking, managing director of BA, has made no secret of the fact that he intends to offer competition to BCAL whenever and wherever he can, and has done this to such an extent that, for example, BCAL has been forced to seek a fare differential in its services on the U.K. domestic trunk routes under BEA's monopoly, and the way in which they party political doctrines.

What reception this idea has had inside the DoT is not known. All that has been said about the review publicly is that the Government hopes to make a statement before the summer recess. In the meantime, the industry continues to suffer the uncertainty—not for the first time in its history—of what the Government will do when the decisions are finally taken and announced. They will not once again turn upside down simply to satisfy party political doctrines.

There are other questions too. One is what will happen to the other, smaller independent airlines as a result of the review? Will they, too, find themselves swamped as a result of new "guidelines" to the Civil Aviation Authority, with their already limited scheduled operations being steadily eroded? Will they be relegated to the position of a few years ago, when they were little more than "associates" of the State corporations, permitted in law to operate only limited passenger charter and cargo services? Another question is whether any enlargement of British Airways, so that it became responsible for all U.K. civil aviation activities, would be good for the public itself. Many businessmen will remember, for example, the deterioration in the quality of services on the U.K. domestic trunk routes under BEA's monopoly, and the way in which they party political doctrines.

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SOCIETY TO-DAY

BY JOE ROGALY

# A freeze on selling the social wage

(GIVE you news this morning of a Socialist experiment in opinion-forming that could boom with a swift and lethal effect, just like the referendum. It is perhaps for this very reason that the experiment may never take place; it is certainly for this reason that the Prime Minister and the Chancellor, who are sitting on it, should allow it to go ahead.

The story starts with a private opinion that has long been in the head of the Secretary of State for Social Services, Mrs. Barbara Castle. I remember her mentioning it shortly after she returned to office last year, and she has not wavered since. What Mrs. Castle wants is simple: an exposition of the nature of the "social wage," put out in a form that everyone can understand.

In her view discussions of personal income should not be exclusively in terms of take-home pay. Public services—schools, hospitals, medical attention, social security payments, subsidised housing and transport—should also be expressed as a form of income. In times of rapid inflation excessive cash wage demands can of course jeopardise the "social wage"—and I suppose that the assumption is that if everyone knew this and understood it they might behave differently.

## Important

The idea is familiar to Mrs. Castle's Cabinet colleagues. In February Mr. Denis Healey said: "The fact is that the social wage is as important to ordinary men and women—and their children—as the wages paid directly to them by the employer. And this social wage

has been increasing very much faster than ordinary wages—much faster than prices too."

Shortly afterwards, the Chancellor's words were published as part of a two-page feature in *DE News*—the Department of Employment "newspaper." One of the illustrations was a pile of circular cheques, showing "where each £ of public expenditure goes." It turned out that last year 18p went on pensions and other social security benefits, 12p on education, 4p on roads and transport, and so on.

"What the Government is spending on things like pensions, subsidies, education and health amounts this year to about £15 a week for every member of the working population—or £19 a week if we include the building of new houses, schools and hospitals," said Mr. Healey then. In his Budget speech he made it £1,000 a year. He has since linked this to ordinary wage restraint by arguing that if earnings are not held back public expenditure will have to be cut.

The Trades Union Congress has also caught on to the idea. In its Economic Review for 1975 it says, "The General Council wish to draw unions' attention to the importance of the 'social wage' that derives from increased social expenditure and which requires growing amounts of resources in inflationary conditions such as the present." What is more, it adds, "In the case of any particular group of workers, and indeed of society as a whole, the 'social wage' helps the lower paid more than the higher paid, and this is precisely in line with the policy of Congress."

None of this is enough for Mrs. Castle. What she wants is a special publication, a document for the lay on the shop floor. She spent months plucking at sleeves before winning sufficient approval to have a first draft prepared under the guidance of Lord Cudlipp, former editor of the *Daily Mirror*. Someone hit on the smart idea of calling it the "Second Wage," thus making it easier to explain why the "First Wage" would damage the second one. Mrs. Castle sent the draft to the Prime Minister with a letter urging speedy publication.

## Spending

At that point the rest of Whitehall began to crowd in. Mrs. Castle's draft naturally confined itself to the spending under her own Department's control; the other spending Ministers, from Education to Housing, insisted on getting their own paragraphs in. The Treasury expressed some dismay at the figures, and the statistical assumptions behind them. "Mr. Average," the pamphlet was apparently saying at that time, pays £11 a week in tax and National Insurance out of £50 income—or £19 if rates and VAT are included—and receives £27 back in Government services.

The particular difficulty was of course that spending on, say, the mentally handicapped cannot be described as a direct benefit to the taxpayer who is not himself in that condition or whose family does not contain such a sufferer. Other spending is also unevenly spread; the whole exercise is a statistical minefield. The Treasury's



Mrs. Barbara Castle: she wants a simple exposition of the nature of the "social wage" put out in a form that everyone can understand.

response, I gather, was to produce a fresh draft of its own—how many drafts are now floating about is an open question. In spite of these difficulties Mrs. Castle did manage to persuade the rest of the Cabinet that the Government should go ahead and publish. What every-one had in mind was a Central Office of Information pamphlet, with a large print order, to be

distributed as widely as possible. There is some sort of precedent in the explanations to be found on the back of rate demands, or in the little form sent out with this year's income tax returns, showing the same pile of cheques as the one in the ahead and publish. What every-one had in mind was a Central Office of Information pamphlet, with a large print order, to be

lads on the shop floor" would be less easy; something more positive than leaving piles on Post Office counters was thought appropriate. House-to-house delivery, as for the referendum, is expensive; some of those involved hoped that the TUC might, perhaps, co-operate. I understand that at one time it was intended to publish this week, with a special launching Press conference by the Prime Minister.

Now everything has been postponed (shelved?) on the ground that no firm decision can be taken until this week's promised White Paper on counter-inflation policy is out of the way. Downing Street, that haven of open Government, is apparently unwilling to facilitate any serious discussion of the matter.

## Paid for

All this is a great pity. From the narrow Departmental point of view it is perfectly reasonable that pensioners, the sick, the poor and the unemployed benefit from Government spending—and, indeed, that the average working man will have an interest in one or other of these benefits at some period of his lifetime. There is plenty of room for argument about whether the health service could provide as good a service for less money, or whether some of its work duplicates the work of some social services—but the central theme remains sound. Most people in this country expect these services to be provided by public authorities, and they must be paid for. There is less unanimity when

it comes to all civilian public expenditure taken as a whole. Here Mrs. Castle's old-fashioned humanitarian socialism is certainly endearing—but it is not necessary to agree with her about all of it. If the Government can put out a pamphlet on the "Social Wage" or the "Second Wage," the Opposition—now or later—could respond with a pamphlet about choice and the extra choice that comes with a greater private disposable income.

It need look no further than paragraph 28 of January's White Paper, *Public Expenditure to 1978-79*, in which it is shown that, on the Treasury's central assumptions, public spending is expected to rise at four times the rate of private expenditure over the next five years. Even if Government spending plans are cut, the discrepancy is likely to remain, especially when the more pessimistic growth rates postulated by the Treasury are taken into account, as they now should be. If Lord Cudlipp is not available to have such thinking translated into what Whitehall believes is plain working men's language then perhaps Mr. Alastair Burnet could be borrowed from the *Daily Express*. He could rattle it off on his own typewriter in half an hour.

I do not say this in any spirit of mischief. As a matter of principle I personally lean towards Mrs. Castle's point of view when it comes to protecting the standards of the Health service and most of the social services, however much argument there may be about details. But equally as a matter of principle, it seems right that governments should oblige themselves to come clean about

their spending intentions. A Castle pamphlet, honestly expressed, and countered by a Thatcher-Burnet pamphlet, would be a fascinating experiment in open government.

There is no point in hiding my own view that the great majority of the recipients of such literature (assuming recipients to be readers) would say something like: "I am not particularly desirous of further Supplementary Estimates for Social Benefits but would prefer cash increments in my personal finances as reward if its all the same to you, Jack"—or however they put it on the building sites these days.

## Convinced

Mrs. Castle's contrary opinion is based on many years of experience at the hustings. She is convinced that if the argument is made concrete enough people will listen. As the most recent evidence she points to the impact made by Mr. Anthony Wedgwood Benn's speeches on unemployment during the referendum campaign; similar concrete examples about so-and-so's getting a hospital bed, or a school place, or sick benefit in adverse circumstances would, in her view, hit home. She may have more chance with such items than with the less directly personal parts of the spending programme.

No-one can tell for certain unless the effort is made. It would have to be done properly, with rather more extensive plans than those now postponed (and ideally including provision for a different view), but I think it would be worth it. It would certainly teach the Labour Party a thing or two.

## Fairer to many

From Mr. J. Rose.  
Sir,—If a statutory wages control is now imposed by Mr. Healey, would it not be fairer to him to state the minimum percentage increase allowable over a two-year period, starting one year before the date of control? Thus if the two-year figure were fixed at 35 per cent., a union which last year had secured for 20 per cent., could claim a maximum of 15 per cent. this year. Alternatively, a union which had obtained a 25 per cent. increase last year would be limited to 8 per cent. this year.  
D. L. Rose,  
17, House, 15, Church Street, Littleover, Derby.

## Industrial building

From the Director, Industrial Materials Lending Centre.  
Sir,—Mr. Cochlin (July 1) rightly poses the question of future adequacy of U.K. industrial building. Although I cannot give a complete answer, there are some pointers in a research project which we have recently completed for the Department of Industry Committee for Industrial Technologies. This involved survey of storage and materials handling costs in 26 U.K. factories, to be published later this year.

This survey suggests that, on average, space in factories is not equally divided between areas used for production processes and areas used for storage and materials handling. Any assessment of future capacity must, therefore, take account of the potential of modern materials handling techniques to make better use of existing space.

In the survey we carried out our own assessment, with the following results:—  
Utilisation of storage space:—  
11 companies—poor  
5 companies—fair  
10 companies—good  
Use of gangway space:—  
9 companies—poor  
4 companies—fair  
13 companies—good

This suggests that there is considerable scope for better use of existing space, but, as Mr. Cochlin rightly stated in his letter, this is not the whole story; quality of old buildings, and restrictions which they place on achieving production efficiency, must also be taken into account.

In the survey there was clear evidence of unplanned growth of poor layout planning. As a consequence, we saw the need to have much more forward planning in planning facilities; also the need to recognise efficiency of manufacturing terms deteriorates with time; that major reorganisation is necessary. This reorganisation could be within existing buildings or, when they are unsatisfactory, in new buildings.

A main problem appears to be that when sales are good, production cannot be disrupted; when sales are poor, cash flow is bad and funds are not available. Organisation costs money, and not attractive in a year when profits are likely to be low. Latest costs of new buildings comparison with old buildings, the effect of this on increased operating costs, must be taken into account. In our report we have been concerned with the problem of maintaining the efficiency of production systems. As one goes we developed the argument of the value of the system was higher than its component parts; i.e. current depreciation practice understates the true cost of maintaining the system in good order. Although this is true,

## Purchasing power

From The Hon. Secretary, Economic Research Council.  
Sir,—Mr. T. B. Jackson (July 3) queries the present value of the £ compared with 1935. A graph from my booklet "Inflation and the Function of Monetary Policy in Britain" shows estimated changes in the purchasing power of the £ from 1914 to 1970—20 shillings down to 3 shillings. Since 1970 the fall in purchasing power has been even greater. Taking 1945 as 100 it was 40 in 1970 and 27 in 1974, and in the first quarter of 1975 fell to 24.  
Edward Holloway,  
10, Upper Berkeley Street, W.1.

## Management education

From Mr. Roger Frost.  
Sir,—Mr. Michael Dixon's report on management education (June 25) suggests that higher management education should be provided by the University, technical schools, and that Polytechnic based regional management centres should not be allowed to run master's programmes. If he is referring only to full time programmes then I would agree that there is possibly a surplus available at present. There is, however, a real opportunity for RMCs in the part-time and continuing education area.

The 1971 survey of nearly 600 firms published by the Business Graduates Association on "British Industry's Attitudes to Business Graduates and Business Schools" showed conclusively that the major requirement of industry for higher management education was for courses designed to educate existing managers. A large majority of the sample thought full time courses at business school were inappropriate and preferred instead some form of part-time education. In a recent survey of 850 British business graduates published by Egon Zehnder International, less than a quarter of respondents reported that they received company sponsorship at business school. This would sug-

## Letters to the Editor

gest that by and large those who attend business school are a very self-selecting group and not necessarily those who would provide industry with the greatest benefit in terms of increased performance from receiving the benefits of a well designed management programme. Polytechnics, through their forerunners, have a sound foundation of working with industry and helping satisfy its needs for education and training. I believe that RMCs working together through the Council for National Academic Awards, could provide a framework for part-time MA programmes in management that would, through a credit system, allow students to transfer between institutions as and when their employers might move them. Such programmes would have designed into them means of integration with company management development programmes to allow maximum benefit to both student and sponsoring firm.

Part-time business education can be most beneficial to both students and their employers and I believe there is considerable potential demand in the U.K. for suitable part-time masters programmes. Perhaps one role for regional management centres is to provide for part-time higher management education. Several have part-time masters degrees already operating or on the stocks. I believe they should be encouraged to continue to develop these and other part-time courses.  
Roger D. Frost,  
Richmond Consultants,  
211, Kingston Road,  
Teddington, Middx.

## Productivity obsessions

From Dr. W. Duckworth.  
Sir,—In his article on "The Productivity Obsession Threat" (June 26), Mr. Tether supports the popular mythology that high productivity is associated with high unemployment.

It is surprising to find one with his normal high clarity of thought and expression being prey to such woolly reasoning. Ever since the first industrial revolution the power house of rising wealth has been high productivity. Where we have begun to have gone astray since the last war is that potential productivity has risen to such heights that if it were properly applied, we would only need to employ a small proportion of industrial populations in manufacturing enterprise.

"Because in a free bargaining situation wages are associated with productivity, this would mean an elite of very high wage earners surrounded by a sea of relatively poor people in the service industries; as they might not be able to afford products from massive-output factories, then seeds of a high disequilibrium would be sown."

It has been well known that one solution to this is the shorter working week of productive employees, thereby reducing their total earning power. This has always been resisted on the intuitive grounds that those in service industries would also want the shorter working week, and hence the unsatisfactory status quo would be restored. The real solution surely is the two job situation. Only idealists would expect that a man employed for four hours a day in a factory would seek to engage himself for the rest of the day in enlightening leisure pursuits. He would seek another job, either in another factory or in a service industry. The first is to be discouraged, the second encouraged. If all factory work were restricted to four hours per day per person, then there would not

## Correlated events

From Mr. J. V. Crosby.  
Sir,—While the current exchange rate for sterling undoubtedly reflects a general lack of confidence in this country's ability to solve its economic problems, it is surely unfair to blame this state of affairs on militant trade unionists and their incessant demands for higher wages.

The coincidence of the steep decline of the value of the £ and the commencement of public broadcasting from the House of Commons has surely not escaped your readers and one can only hope that this form of self-ridicule will not be resumed lest any remaining vestige of esteem in which we are held abroad, be completely dissipated.  
J. V. Crosby,  
29, Turnfurong Lane,  
Aylesbury, Bucks.

## The 10 per cent. limit

From Mr. F. McPherson.  
Sir,—The Government is hoping and expecting that employers in the private sector of industry will hold out against demands by unions and employees for wage increases greater than 10 per cent., and it is endeavouring to strengthen the stance of the employers by preventing any increase greater than that amount from being passed on as a price increase. I would suggest that employers would be better able to resist such demands if the Government made arrangements that any employer who resisted strike pressure for an increase greater than 10 per cent. would be reimbursed for any loss of cash flow which might arise from that resistance. The cost of such an arrangement might not be great; in fact, it might well turn out that if such a guarantee existed, striking for increases of over 10 per cent. would not take place at all and the cost would then be nil.  
Finlay McPherson,  
Broadview,  
Aston Walk, Moor Park,  
Northwood, Middlesex.

## Today's Events

### GENERAL

Mr. James Callaghan, Foreign Secretary, arrives in Zaire this evening for discussions with President Mobutu on relations between Britain and Uganda. Prime Minister meets Scottish Labour Party executive, Edinburgh. European Central Bankers end two-day meeting, Basel. King Carl Gustaf of Sweden begins four-day State visit to Britain at Palace of Holyroodhouse, Edinburgh. Bishop Trevor Huddleston gives last in series of talks on Quality of Life: My Hope for the Future, at St. Lawrence, Jewry, next Guildhall, E.C.2, 1.15 p.m.

Great Yorkshire Agricultural Show opens, Harrogate. International Audio-Visual Aids Exhibition and Conference opens, Olympia. South East Asia's Financial Markets—Present and Future, a three-day conference organised by the Financial Times, continues in Manila, Philippines. National Union of Mineworkers' annual conference continues, Scarborough.

PARLIAMENTARY BUSINESS  
House of Commons: Debate on

voluntary organisations until 7 p.m., followed by debate on arms sales and remaining stages of Statutory Corporations (Financial Provisions) Bill. House of Lords: Church Commissioners (Miscellaneous Provisions) Measure. Local Land Charges Bill, report stage. Social Security Pensions Bill, committee. Mobile Homes Bill, third reading. Debate on encouragement of industrial investment in private sector.

### OFFICIAL STATISTICS

Provisional figures for vehicle production and new registrations (June, provisional).

COMPANY RESULTS  
LCP Holdings (full year). Southern-Edwards (full year). United Gas Industries (full year).

COMPANY MEETINGS  
Altwood Garages, Wolverhampton, 12. Beralt Tin and Wolfram, Rolls Buildings, E.C.12. Booth International, Piccadilly Hotel, W.12. Investment Trust Corporation, Bucklersbury House, E.C.4. 10.45. Streeters of Godalming, Connaught Rooms, W.C.2.

# BEECHAM

## Record Sales and Trading Profit

for the

# 12th

## Successive Year

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Sales	£m 56.6	£m 61.1	£m 67.0	£m 77.0	£m 86.5	£m 115.5	£m 133.9	£m 161.1	£m 181.8	£m 219.1	£m 259.8	£m 338.4	£m 436.4
Trading Profit	£m 7.9	£m 9.7	£m 12.4	£m 14.8	£m 17.7	£m 20.7	£m 25.3	£m 29.7	£m 34.5	£m 41.3	£m 48.5	£m 60.4	£m 68.5

BEECHAM GROUP LIMITED, BRENTFORD, MIDDLESEX.

Human and veterinary prescription medicines, toiletries, cosmetics, proprietary medicines, food and drink products, animal health and animal nutritional products, adhesives.

# COMPANY NEWS + COMMENT

## Carlton off £2m. but now showing upturn

A SECOND half decline from £3.38m. to £2.25m. has left pre-tax profit of Carlton Industries down from £8.52m. to £4.11m. for the year ended March 31, 1975.

But the directors report that results so far in the current year indicate an improvement over the previous year.

During the year 1974-75 the lead acid battery and the whisky divisions continued to increase their profitability but the recession in the construction industry affected the results of that division.

Earnings per 25p share are shown to be down from 14p to 8.5p. A final dividend of 2.75p net raises the total from 9.25p to 11.25p—as with the interim payment, shareholders will be offered a scrip alternative.

1974-75 1973-74

Turnover 75,277,000 64,897,000

Trading profit 2,667,736 2,945,000

Batteries and fasteners 2,185,482 2,073,171

Construction 1,383,061 1,069,238

Whisky 1,497,252 1,282,297

Interest and overheads 1,084,510 1,032,300

Profit before tax 4,032,386 3,273,333

Tax 1,781,278 2,049,262

Profit after tax 2,251,108 1,224,071

Minority 254,324 255,415

Attributable 1,996,784 968,656

Dividends 975,000 848,844

Retained 1,021,784 1,119,812

Includes house building.

● comment

Although interest and overhead charges actually fell by 7.5 per cent. in the second half, Carlton Industries still has about £15m. of debt to redeem in the next five years, and there could be pressure on cash-flows to meet this schedule. Second half profits on the cyclical building side, for example, fell by 72 per cent. from the non-cyclical—whisky and batteries—ranged between gains of 9-10 per cent. The JCB dealership was losing-making up to March 31. Asset disposals are one way out (and account for about 80 per cent. of the 1974-75 extraordinary items), while working capital requirements on the whisky side could also be restrained. A lot must hang on recovery in the building side though, and Carlton itself is reckoning on a £5m. positive cash flow from Comben by 1978. At 49p, the yield is 13.7 per cent.

## Jackson & Steeple

TURNOVER of the Jackson and Steeple group of cotton weavers slumped from £3.7m. to £3.2m. in 1974, and group profits, after all charges, fell from £356,283 to £75,008.

Earnings per 10p share on the 1.5m. shares in the group for the year are shown to be down from 21.5p to 4.6p—following the acquisition issue of a further 370,000

## EVANS OF LEEDS LTD.

PROPERTY INVESTMENT GROUP

Group results for the year to 31st March, 1975.

★ Gross income passes £1m. mark.

★ Pre-tax profits £605,049 (1974-£540,280).

★ Final Dividend of 2.82041p per share.

★ Total for year, gross, 23.625% (1974-21%).

★ Investment income strength improves.

★ 1 for 1 bonus issue proposed.

### COMPARATIVE FIGURES

	1975	1974
Total Revenue	£1,551,396	£1,331,725
Net Revenue before Tax	405,049	540,280
Net Revenue after Tax	287,254	255,127
Dividends: Paid and proposed	3,87041p	3,5625p
Equivalent Gross	23.625%	21%

## Whitecroft

"... company has a firm foundation upon which to continue its successful expansion programme of recent years."

Mr. E. G. Gould, Chairman

Record profits earned for third year running—285% higher than 3 years ago

- Group pre-tax profits £3,277,000 (last year £3,148,000)
- Earnings and net tangible assets per ordinary stock unit again increased
- Maximum permitted dividend recommended—four times covered
- Adequate financial resources available to finance planned growth

Summary of results	1974/5	1973/4
Turnover	38,005,000	31,719,000
Profit before taxation	3,277,000	3,148,000
Profit after taxation and minority interests	1,535,000	1,511,000
Attributable to each ordinary stock unit:		
Earnings	19.23p	18.91p
Dividends	4.877p	4.49p
Net tangible assets	164p	159p
Dividend—times covered	3.94	4.21

## Whitecroft Limited

Textiles, building, building supplies, engineering and leather

Copies of the report and chairman's statement may be obtained from The Company Secretary at Blackfriars House, Paragon, Manchester M3 2HX

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Alexanders Discount	19	5	Henderson-Kenton	18	4
Bambergers	18	3	Jackson & Steeple	18	7
Beecham	19	1	Jones (Edward)	19	5
Bolands	21	4	Latham (James)	18	2
BPB Industries	19	4	Leek Westbourne	18	6
Capper-Mell	19	7	Mann Egerton	18	4
Carlton Industries	18	1	Parkland Textile	18	6
Cutter Guard Bridge	19	8	Second Gt. Northern	18	5
De La Rue	21	4	Sheepbridge Eng.	21	5
Electronic Rentals	18	7	Sherman (Samuel)	18	5
Eva Industries	18	4	Sterling Industries	19	3
Evans of Leeds	19	3	Stock Conversion	18	5
Heenan Spark	19	4	Whitecroft	19	6

shares in June, the earnings figure becomes 3.7p (17.6p). A single 2.15p net dividend recommendation equals the previous year's total, and takes £43,430 (£28,269 after waivers in respect of 784,080 shares).

The profit is after crediting U.K. tax recoverable £28,958 (charged £189,766) and previous overprovisions of £1,275 (£1,029). It includes a surplus on assets sales of £5,145 (£2,882), the share of associate profits £839 (£48,987) and investment income £150 (£13,707).

## J. Latham profit downturn

A DROP in the second half of £308,000, leaves pre-tax profit of James Latham, timber merchants, down from £1.57m. to £1.04m. for the year to March 31, 1975.

Stated earnings per £1 share fell from 39.8p to 20.8p and the final dividend is 4.31p net, which lifts the total from 6.49p to 8.91p.

1974-75 1973-74

Turnover 17,779 23,382

Profit before tax 1,570 1,040

Tax 528 1,082

Net profit 1,042 358

Dividends 422 306

Retained 620 734

● comment

Latham is 45 per cent. lower pre-tax, much in line with Bambergers experience over a similar year to March. But the bulk of Latham's output is concerned with plywood and board products—with softwoods accounting for little more than a tenth of sales in 1974-75—and the group is claiming improved trading conditions since its year-end. Demand from the housing market remains dull but in areas where hardwoods and industrialised timber framing industries are finally being turned

into firm orders. At 112p the shares stand at less than half net worth—and yield a thrice covered 10 per cent.

## Bambergers drops to £1.51m.

TIMBER AND panel product importers and builders merchants, Bambergers reports taxable profits down from £2.46m. to £1.51m. for the year ended March 31, 1975, on turnover of £31.64m. compared with £37.05m. for 1973-74.

At half-year, announcing a fall in profits from £1.17m. to £0.93m., the directors said it was unlikely that second half figures would equal those for the first.

Full year earnings are shown to be down from 11.7p to 7.4p per 25p share. The dividend is lifted from 2.25p to 2.3945p net with a final of 1.1796p.

1974-75 1973-74

Group sales 31,640 37,050

Pre-tax profit 1,570 2,460

Tax 528 1,082

Net profit 1,042 358

Ord. dividends 422 306

Preference 620 734

Retained 620 734

● comment

The chairman, Mr. C. D. Woodburn-Bambergers, says: "It has been a very difficult year because it followed a period of intense activity in building and construction when it was necessary to maintain large stocks. Earlier in this financial year steps were taken to reduce stock holdings anticipating a fall-off in demand, and an even steeper decline in the second half. Stocks stand at well under £6m. as opposed to £8m. published in the last balance sheet, and total borrowings are £1.8m. against over £2m. at March 31, 1974. While the short term future for the building and construction industry remains uncertain, the chairman feels construction opportunities in Scotland are favourable and the group has expanded its distribution facilities which are to be based at Cumberland industrial estate."

● comment

Bambergers has reduced its stocks by a quarter to around £6m. and cut borrowings back from £2m. where they represented 90 per cent. of shareholders' funds—to some £2m. But this has been achieved at the expense of profit margins. Thus for 1974-75 the group is 50 per cent. lower pre-tax and that takes in second half profits down by more than half into losses from September onwards. Over the year internal timber prices fell by a fifth and though there have been signs of stability since March, enough weak patches remain to make Bambergers cautious about current year prospects: demand remains

sluggish. Still, a yield of 91 per cent. at 49p is covered three times.

## Henderson Kenton up by 25.3%

AFTER A transfer to reserve for unrealised profit of £395,000, against £56,000, taxable profits of Henderson-Kenton increased by 25.3 per cent. to £571,000 for the year to March 31, 1975, with stated earnings per 20p share advancing from 5.56p to 6.95p.

The net dividend total is lifted by the increase currently permitted, from 1.70p to 1.57p, with a final of 1.52p.

The directors say it was an "excellent" year, especially in the second half, when results substantially outpaced inflation—the first-half taxable profit was down from £357,131 to £164,642. And they add, the momentum continues into the second quarter of this year, with the sales increase to date over 1974 "well in excess of inflation".

The balance sheet shows fixed assets of £2.46m. (over £2m. directors' valuation over £3.5m. and net current assets at £2.7m. (£1.9m.)). This increase in net current assets puts the company in a strong financial position for continued expansion, members are told.

Shareholders' equity is shown at £2.30m. (£2m.).

The directors' valuation exceeds £4.1p (49.3p) per share.

1974-75 1973-74

Turnover 11,771 7,752

Trading profit 1,170 712

Unrealised profit res. 395 56

Profit 1,565 768

Dividends 114 103

Retained 1,451 665

● comment

The group operates as furniture and floor covering retailers, providing associated installation credit facilities.

Henderson-Kenton pushed ahead last year with trading profits more than 50 per cent. above a comparable period, and even after a real-estate transfer pre-tax profits are higher by a quarter. The reason for H-K's success are twofold. First because of its up-market trading, and the proportion of own specification exclusive merchandise, where pricing margins would be that much better than standard ranges. Second, the U.K. is becoming more fashion conscious in furniture, following the trend of much of Europe, where traditionally spending on furniture has been several times above the U.K. figure. The first quarter sales growth is up around 50 per cent., and even if consumer spending is regarded as exceptional, this may only result in a shift of the control 88 per cent. of the equity—where the yield is still as high as 11.8 per cent.

## Strong Eva export orders

IN REVIEWING the order book of Eva Industries compared with 1974, chairman Mr. T. R. Aspin says there is overall little difference in monetary value, although export orders are "particularly strong".

It would be foolish to affirm that there is the same degree of buoyancy as last year, he tells members. All companies are monitoring the situation closely.

As reported on June 7, turnover rose from £2.2m. to £1.8m. in the year to March 31, 1975. Taxable profits increased from £0.89m. to £1.38m. and the dividend is 3.0425p (2.80125p) net. Accounts adjusted for inflation show pre-tax profit of £1.7m. and the available balance at £0.37m. (£0.67m. historical). The total equity interest is given as £1.7m. compared with £1.35m. historical.

Mr. Aspin points out that export sales increased from £1.44m. to £2.45m. and that overseas and export turnover reached 28 per cent. This is the group's some slight edge against a possible slow down in the U.K. economy, he declares. A professional valuation of property on the part of the directors, at the revenue was inflated by large interest earnings on deposits. However, on the basis of current revenue estimates and having regard to the revenue reserve available they expect to pay next year not less than last year's 1.46p even if large conversions of 8 shares take place in consequence of the current Finance Bill.

Meeting, Manchester on July 30 at 11.45 a.m.

## Mann Egerton progress

Including £135,000 from the sale of surplus properties, pre-tax profit of Mann Egerton and Company, an engineering subsidiary of Inchcape and Co., amounted to £1.18m. for the 18-month period to March 31, 1975 with earnings per 25p share shown at 23.9p. For the 12 months to March 31, 1975 pre-tax profit was a record £2.91m., an increase of 10.3 per cent. over the previous year's financial accounting date alone. September 30 to March 31 was made to coincide with the accounting date of Inchcape.

Mr. W. D. Campbell, chairman, reports that the new financial year has started "quite well". Profits for the two months to May are "in line with our forecast and 10 per cent. better than the same two months of last year."

Due to the severe economic crisis, he finds it impossible to speculate about the outcome for the remainder of the year. The



Mr. John Young, chairman of Young's Brewery, outside the Dog and Fox public house in Wimbledon after the annual meeting. This was the first year the meeting could not be held in the brewery, as the space is needed to keep the supply of beer up to demand.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corrected dividend	Total for year
Alexanders Discount	1.23	July 31	1.77	2.38
Bambergers	1.52	Sept. 12	2.56	4.13
Carlton Industries	1.32	Oct. 1	1.35	1.37
Henderson Kenton	1.57	Aug. 9	1.52	2.15
Jackson & Steeple	2.15	Aug. 9	4.62	6.91
James Latham	0.55	Aug. 19	2.3	3.12
Parkland Textiles	0.85	Sept. 9	0.94	1.6
2nd Gt. Northern Inv.	1	Jan. 10	0.53	1.46
2nd Gt. Northern Inv. int.	0.6	Oct. 6	0.58	1.49
Stock Conversion	0.87	Oct. 6	0.58	1.49

Dividends shown per share net of tax except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Increased to reduce disparity with final.

## Parkland Textile slump

TURNOVER of worsted combers, spinners and manufacturers, Parkland Textile (Holdings) fell from £18.08m. to £16.57m. in the year to February 28, 1975, and taxable profits slumped from £1,011,259 to £144,565 after £209,000 against £474,000 in the first half.

The fall in profits is mainly attributable to exceptional pre-tax losses of £647,000 in Knoll Spinning Company due to the price of wool and a world-wide reduction in demand.

In addition the group's Jersey knitting subsidiary incurred a further pre-tax loss of £259,000 because of the unprecedented short fall in demand and the closing down costs of the main production mill.

Corrective measures have been taken in Knoll Mill and operations at Jersey have been substantially curtailed with the object of restoring its viability.

Earnings are shown to be down from 7.56p to 0.62p per 25p share and the dividend is reduced from 2.1775p to 1.325p net. The final payment is 0.85125p.

After tax of £81,161 against £508,220, and minorities, the attributable balance is down from £486,813 to £47,170.

The subsidiary Smith Butner and Co. reports turnover of £4.38m. against £4.51m. and profit down from £125,355 to £45,551 before tax of £26,568 compared with £74,853.

The directors recommend that no dividend be paid on the Ordinary, all of which are held by Parkland Meeting, Bradford, on August 19.

## Second Great Northern pays 1.6p

Net revenue before tax of Second Great Northern Investment Trust advanced from £413,548 to £498,956 in the year to May 31, 1975.

Stated earnings rose from 1.54p to 1.58p (fully diluted). Net assets are shown as £16,321m. against £13,721m. or 85.25p against 71.5p per share.

A final dividend of 1.6p (1.46p to net) is the total from 1.46p to 1.6p, but the increase of 0.14p should be regarded as exceptional, say the directors, as the revenue was inflated by large interest earnings on deposits. However, on the basis of current revenue estimates and having regard to the revenue reserve available they expect to pay next year not less than last year's 1.46p even if large conversions of 8 shares take place in consequence of the current Finance Bill.

Meeting, Manchester on July 30 at 11.45 a.m.

## Samuel Sherman loss

Manufacturers of ladies' dresses, Samuel Sherman, incurred a pre-tax loss of £45,664 in the six months to April 3, 1975, and the directors do not anticipate a return to profitability in the second half.

Pre-tax profits were £96,849 for the year to September 1974 after £48,866 at midway.

Sales for the first half of 1974-75 fell from £9,58m. to £9.7m. A tax credit added £23,600 (charge £24,300) leaving a loss of £22,064 compared with a profit of £22,566. Again there is no interim dividend. Last year's final was 0.633p net.

## Electronic Rentals strength

"WE ARE now in an even stronger position to survive any future economic adversities and to take full advantage of any improvement," says Mr. Maurice Fry, chairman of Electronic Rentals Group.

Despite the higher rate of inflation and the 25 per cent. VAT rate on new and existing subscribers, the rental companies "are not downhearted".

There is still considerable potential for TV subscribers to change to colour. Visionair, the principal rental subsidiary, has made a number of substantial acquisitions recently which will add £5.8m. (net VAT) annually to the rental income. It is expected that the acquisitions will be self-financing in that bank borrowings will be dis-

charged over three years from the net generated by the acquisitions.

Mr. Fry looks to the overseas rental side for a "not insignificant" part of future profit growth and the current year should show a significant move in this direction.

The camping and leisure division is expanding its activities to replace the "Camping Gas" agency and the group should see considerable benefits within the next two to three years.

In the year ended March 31, 1975 the group turned in turnover of £58.78m. (£50.93m.) and profits of £5.82m. (£5.95m.), as stated on June 13 with the 1.296p (1.195p) dividend.

At May 31, group borrowings totalled £16.21m. Also it had drawn on acceptance credit facilities to the extent of £3.87m. and had outstanding purchase considerations of £4.33m.

Phillips holds 25.3 per cent. of the Electronic Rental Ordinary capital.

See Lex

## WAKEFIELD BUILDING SOCIETY

The Annual General Meeting took place on Monday, 7th July. Following are the salient points of the Statement by the President Mr. Simon L. Green, T.D., J.P., D.L.

The 129th Annual General Meeting will be invited to approve the Society's Report and Accounts for 1974/75 and I am pleased that they disclose such a strong and healthy state of affairs. When set against the background of inflation and its concomitants, the sorry plight of the housing industry, and the effect of external forces upon our domestic economy, to mention only a few of our current problems, the year's results look remarkably good. That all was not gloom and doom is clear when we take a look at the sunnier side of our own picture.

Shares and Deposits

It gives me deep satisfaction to add to the figures in the Report relating to record receipts and year-end balances on Share and Deposit Accounts the fact that 2,450 new accounts were opened during the year. At 31st March the Society had 21,422 share and 4,302 deposit open accounts, and of shareholders' balances amounting to £18,570,250 out of total investments of £19,512,618, almost £11 million stood to the credit of regular savers.

Liquidity and Reserves

The Liquidity ratio is also highly satisfactory, being 22.3% of Total Assets compared with 21.4% at year end 1973/74, 19.8% for the industry as a whole. At the end of 1974, my investments in unquoted trustee securities, all repayable in full on six months' notice or less, plus balances at bank, totalled £4,642,487. Your Society is therefore in an exceptionally strong position to absorb the financial and economic pressures that time is sure to bring, and also to maintain its traditional policy of preserving the freedom of members to operate their accounts with the minimum of trouble and delay. After making provision for all expenses of administration, Income Tax, Corporation Tax and depreciation of fixed Assets, a surplus of £11,571 was available for transfer to the General Reserve which amounted to £1,344,075 (inclusive of the Premises Reserve) and was 6.4% of Total Assets at 31st March last.

Working Margins

The factors already mentioned exerted a pressure upon working margins throughout the building industry. As that pressure persists and possibly we must remain acutely mindful of the need for efficiency of costs of management, so long as economy for it is not detrimental to that service to our customers our paramount duty and concern.

During last year the high interest rates obviated liquid funds not required for immediate use but year-end surplus of the money in the bank was substantial. With the fall in rates at the start of the money market recent months, however, it would be unwise to repeat of such fortuitous aid in the current financial year.

Advances made on mortgage in the sum were 25% higher than in the previous year when a factor of adversity. It is worthy of 98.3% of those advances were made upon the private dwellings in owner occupation as that debt on 6,102 mortgages totalling £16,197,080 was the figure by present-day standards of £2,654. The improvement in net receipts from investors has not enabled building societies to abandon rationing or full the demand for mortgages. Rationing persists, but severely, with priority given to existing members.

Acknowledgements

The Directors wish to express their appreciation a loyal and efficient service on the part of officials, staff agents, and likewise for the support of panel solicitors other professional friends and connections of the Society throughout the Country.

### ISSUE NEWS

## Hanson rights issue at par

Hanson Trust, an industrial holding company with major interests in building materials and agriculture, announced yesterday a one-for-one rights issue to raise £6.6m.

The new shares are to be offered at 25p a share, the par value for the ordinary shares, commencing with a market price before the announcement of 141p.

In view of this substantial discount on the current market price, Hanson has not had to arrange for the issue to be underwritten.

In addition, the large "scrip" element in the issue will produce a significant increase in dividend payments. Hanson has already paid an interim of 3.0p per share and it intends a further 3.774p a share on the enlarged capital as a second interim in August, and a final which will be recommended for payment in February, 1976.

Following the news of the issue, which will increase the sums the company will provide for dividends in its profit and loss account from about £1.5m. in the last financial year to around £2.5m., Hanson shares rose 22p to 162p.

Explaining the reasons for the issue, chairman Mr. James Hanson says: "Your Board considers it essential to strengthen the balance sheet with further capital so as to improve the group's borrowing capacity in the U.S."

He points out that in 1972 the company decided to concentrate its next expansionary phase in the U.S.—investments in the U.S. have cost the group \$40m. and last year from the U.S. cost of £1.5m. Mr. Hanson adds that these investments have been financed by funds generated in the U.S. or raised there, and it has not been necessary to raise sterling from the U.K. This, he suggests, is likely to continue to be the case for some time to come, hence the importance of strengthening the balance sheet to improve borrowing capacity.

Mr. Derek Rosling, the deputy chairman, added yesterday that the company was at present negotiating a \$20m. medium term advance with its U.S. bankers to finance expansion plans.

● comment

Full details are published in connection with Headlam Smith and Coggin's rights issue of 100,000 shares at 10p each. The share will be offered on the basis of one for three at 10p per share.

The net proceeds of the issue are intended to be used for the expansion of the business. The over draft is currently standing at £58,934.

GORDON JOHNSON

In respect of Gordon Johnson Stephens rights issue of 1,809,56 shares on the basis of one-for-one credited 10p paid with a call of not less than 15p to be made 89.73 per cent. were accepted. The balance is to be sold at a premium for the benefit of share holders entitled thereto.

charged over three years from the net generated by the acquisitions.

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See Lex

## WAKEFIELD BUILDING SOCIETY



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Matsushita suffers sharp drop in sales and profits

BY CHARLES SMITH, FAR EAST, EDITOR

TOKYO, July 7.

MATSUSHITA ELECTRIC has reported a sharp drop in sales and profits before tax for the six months ending on May 20 compared with the previous business term ending in November. The results, for the parent company only, show sales at ¥499,430bn, and pre-tax profits at ¥25,730bn, down nearly 30 per cent from ¥738,200bn.

Matsushita attributed the fall in sales to the overall collapse of consumer demand in Japan which resulted from steep inflation combined with the Government's policy for curbing demand. It says the fall in demand hit its audio and home electric appliance sections particularly hard.

The fall in profits is attributed to wage and material price increases and to the necessity for low-capacity operations while the company was adjusting its inventories early this year.

Part of Matsushita's workforce was put on half-day work at full pay in the early part of the year. This effectively halved production in the affected sections of the company although much of the workforce did a "voluntary" afternoon's work on non-productive tasks.

Matsushita points out that the sharp fall in profits before tax contrasts with a relatively favourable after-tax position. Profits after tax at ¥15,730bn were only 4.5 per cent down on

the previous term's ¥16,200bn. This, however, was the result of a change in the commercial code which enabled the company to transfer ¥30bn from a reserve fund to cover price fluctuations into its general income.

Matsushita says it is aiming for sales of ¥560,000bn during the six-month term (ending in November) and for after-tax profits of at least ¥15,700bn. The company takes the view, however, that consumer demand is recovering very slowly despite a recent increase in colour TV deliveries. Exports have been yielding relatively disappointing results with a 15 per cent decline in May export earnings compared with May of 1974.

## Oyama Shipping to reconstruct

THE TOKYO District Court said it accepted a plea from Oyama Shipping, a company specialising in South-East Asian trade, for application of the Corporation Rehabilitation Law.

The company, which has gross liabilities estimated by a private credit research agency, Teikoku Koshunsho, at ¥9bn, to ¥10bn, and undetermined assets, was seeking permission to reconstruct itself under the terms of Japan's Corporate Rehabilitation Law.

Its main Japanese creditors are a longshoremen's company, Bunkai Oil Suppliers, Insurance companies, banks and several other shipping companies including Nippon Yusen Kaisha and Kawasaki Kisen Kaisha.

The company's financial failure is attributed by officials at leading Japanese credit institutions to severe rate cutting on South-East Asian routes, especially in the Taiwan-Hong Kong liner trade, and to over-investment in the container sphere.

The company's financial problems surfaced when it failed to honour a commercial bill worth ¥400m that matured in June 30. Several other bills were scheduled to mature this month, culminating in ones worth ¥450m on July 31.

Oyama currently operates 34 ships aggregating about 221,000 deadweight tons. It owns three vessels itself, is the co-owner of a fourth and has 29 ships under charter. All are dry-cargo or small-container vessels.

Oyama officials said they expected the ships to continue to operate for the time being, pending action by the court following meetings with creditors.

They noted the company is seeking to reconstruct itself rather than to liquidate.

Saitama Bank, the concern's primary lender, said it has not yet received sufficient information from Oyama to determine its reconstruction possibilities.

Oyama reported a deficit of ¥274m for the half-year ended March after reporting a ¥783m profit for the 12 months ended September, 1974.

March-term revenue was not immediately available. That for the year ended September was ¥20,470bn, capitalised at ¥19,200bn. Oyama is not a publicly quoted company. It has about 185 land-based and about 200 ocean-going employees. It has six domestic subsidiaries, including an air cargo company and seven overseas affiliates. AP-DJ

Acute problems have been posed for Haw Par both by the London City Take-over Panel's ruling that Haw Par must make, or arrange, a full-scale bid for London Tin, and by the Singapore authorities' demand that Pemas must mount a general bid for Haw Par. This offer has been required to be at \$2.42 a share, the price for Haw Par ruling when the deal was announced. But Pemas chairman, Tengku Razaleigh, said last week he would not make a bid.

Meanwhile, the search for a solution of the bid stalemate surrounding Haw Par continued. In the East, with the company's Board hoping to meet the Securities Industry Council and the Committee of the Stock Exchange in Singapore for further talks this week.

Removal of the ban on Haw Par deals in London was decided on because it appeared that Singapore brokers were able to deal, and were dealing, in the shares in Malaysia, to the disadvantage of London trading. Considerable uncertainty has been felt for some time about

the future of the planned transaction, under which Pemas, controlled by the Malaysian Government, wants to take a near-40 per cent stake in Haw Par.

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## Herstal aims at break even

LIEGE, July 7.

FABRIQUE NATIONALE Herstal said its turnover for the year ended June 30 rose 40 per cent to B.Fr.63m, and it should more or less break even following the previous year's loss of B.Fr.44m.

The level of orders remains very high and should ensure a satisfactory cash flow which would enable the company to envisage new development programmes, particularly in the aero-engine division, it said. Sources close to the company have said Fabrique Nationale should receive orders worth B.Fr.100m over 10 years following the decision of four European countries, including Belgium, to buy the American F-16 fighter plane.

The company added that its latest results will be adversely affected by two strikes and a substantial loss incurred by its Dumont-Schaigheux subsidiary.

## Michelin opposes consolidation

PARIS, July 7.

FRANCOIS MICHELIN, president of the giant tyre makers, said that his company was still opposed to the publication of consolidated figures.

"We think that (consolidated) figures would give very important information to our competitors... but the day will come when they will impose it on us. I shall regret it," M. Michelin said in a rare interview with the Financial Weekly Investor.

Investor reported that M. Jean Bonnedieu de Savres, president of the Paris Bourse Commission, said he will not issue visas for financial operations sought by Michelin until the group published consolidated results. Michelin conceded that the group's investment projects were reduced last year, but gave no figures. He said that Michelin spent some \$100m in the U.S. last year on its two manufacturing units.

"We have projects everywhere, in Latin America and in China. But we prefer to announce our projects only after a final decision is taken," he said.

M. Michelin said that he is also opposed to authorise shareholders to visit one of the group's plants, fearing that some competitor will steal the design of one of the machines. AP-DJ

## Hawker Siddeley Canada optimistic on growth

BY OUR OWN CORRESPONDENT

TORONTO, July 8.

IN HIS REMARKS to shareholders at the annual meeting of Hawker Siddeley of Canada, chairman Sir Arnold Hall voiced strong optimism for the future growth of the company, which is 50 per cent owned by the Hawker Siddeley Group of Britain.

His sentiment is now supported by a research report prepared by Wills, Bickie and Co., Toronto investment dealers, which states that Hawker Siddeley Canada is one of the small handful of companies which will benefit "handsomely" from the upsurge in capital spending programmes expected to develop in Canada for energy, transportation and resource development projects.

At the annual meeting, Sir Arnold had reported increased sales of Can.\$27.5m in 1974 compared with Can.\$27.4m in 1973 and profit of Can.\$8.3m, as against Can.\$6.2m, the previous year's earnings per share of Can.\$1.04 against 86 cents.

The company's order book stood at Can.\$336m at the year end, compared with Can.\$218m and Sir Arnold said it was in a good position to ride out the ups and downs of an uncertain economic outlook both in Canada and on the international markets. It was also well placed to take advantage of expected demand for energy and resource development equipment.

The past few years have been a period of steady growth for the company which saw the

reversal of a 13-year downward trend. It has seen turbulent times since its incorporation in 1945 as A. V. Roe Canada, including the traumatic cancellation of a Canadian interceptor aircraft which it was building for the Canadian Government in 1958 and the later setback that occurred with the acquisition of Dominion Steel and Coal.

The late 1960's and early 1970's were a period of intense internal re-organisation, 30 rapid transfer cars for the Ontario Government's "Go" commuter system; a contract is about to be signed with the Mexican Government for 200 railway cars and it is completing a contract for 500 gondola cars for Canadian National.

Current contracts include construction of 134 subway cars for the Toronto Transit Commission, 30 rapid transfer cars for the Ontario Government's "Go" commuter system; a contract is about to be signed with the Mexican Government for 200 railway cars and it is completing a contract for 500 gondola cars for Canadian National.

Export sales by the company, which last year totalled \$76m, while overseas sales accounted for \$40m, are expected to rise over the next few years, with one export market being the Soviet Union.

According to the Wills, Bickie and Co. report, Hawker Siddeley Canada is providing a \$500m line of credit to the Soviet Union for the purpose of purchasing Canadian capital goods, equipment and services. The Russians have expressed interest in acquiring machinery and equipment for its forestry, oil, gas, industries, and 23 per cent in mining and transportation and other industries, most of which is now produced by the company.

Of its total sales last year, 51 per cent was in the transportation industry, 18 per cent in the forestry industry, 10 per cent in the oil, gas and aircraft industries, and 23 per cent in general engineering and other services. Subsidiaries manu-

## Philips plans Austrian loan

EINDHOVEN, July 7.

A DEBENTURE loan of 500,000, at 8.5 per cent, will be issued by Philips Industrie, Philips subsidiary in Austria. The issue price is 97 per cent. The loan has been divided into two parts: one with a maximum term of 15 years and the other with a maximum term of eight years.

The issue of the loan will be guaranteed by a consortium of Austrian banks of which Creditanstalt Bankverein, the leader. The proceeds of the loan will be used by the Austrian Philips organisation for financing further investments. AP-DJ

The city of Vienna will this week seek a DM100m, six per cent, nine-year Eurobond, market sources said. Lead manager is Westdeutsche Landesbank Girozentrale.

year national Bank of Hungary said. Hungary will place greater emphasis in structural changes to the economy in the next five years, beginning 1976 and intends to make use of medium- and long-term credits on international capital markets to help fund this, he said.

Finance so far provided in Ireland by the European Investment Bank (EIB) has now topped \$40m, with the granting of a new loan, equivalent to \$45m (7.7m. units of account), to Cement, Dublin, part of the Dusseldorf and Frankfurt group, to help finance major expansion at its company's cement works at Platan, County Wick. This loan is for 15 years, at an interest rate of 8 1/2 per cent, and is part of a facility of \$7.5m, of which \$3m was provided by the EIB for the project in August last year.

Proceeds of the loan, the first mark denominated bond to be issued by a Comecon country, will be used to speed up the development of Hungary's export of potential, Janos Fekete, vice-president of the Hungarian Bank, said.

## Swissair fighting lay-offs

BY NORRIS WILLATT

GENEVA, July 7.

SWISSAIR, the airline of Switzerland, has devised a novel way to avoid redundancies: It is urging employees to take unpaid leave of absence. If enough of them do so, often enough, the saving in wage costs will be equivalent to what could be achieved by laying off quite a number of people. The airline needs to reduce its labour costs, by one means or another, at this time, through being caught in a squeeze between falling traffic revenues and the high revaluation of the Swiss franc in relation to other currencies.

The Swissair scheme permits all employees to take off a maximum of a month of additional leave, either at one time, or by instalment, during 1975. On top of their regular paid holidays, to encourage them to do so, for every four days they take off at their own expense, the company will pay for a fifth day of leave.

The programme has been approved by the trade unions, representing, respectively, the pilots, flight engineers and ground staff under contract to the airline. Union representatives point out that the scheme is voluntary; no one is obliged to take extra time off. In any case, it is acceptable to the union, where redundancies would not be made no one redundant, at this time.

Another incentive to fall in with the company's wishes may well be that Swissair, like all air carriers, allows all its employees to take a certain number of free flights, and others at large discounts, over the route network in the course of a year. These facilities are also reciprocal with other carriers.

So, in addition to getting extra leisure time, the employees of the company (and their families) can also travel to holiday spots all over the globe at great savings compared with ordinary tourists. The combination may well prove very attractive, especially to people without commitments, or who consider non-financial incentives, such as the ability to travel, as important as the financial one.

This "time off" policy is part of an overall programme by which Swissair aims to achieve substantial cost reductions. It plans to cut down the labour force by 4,100 at present to 30,000 by the end of 1975, and next year. This will be achieved, mainly, by not hiring any additional staff, and at the same time not replacing those people who leave of their own accord; turnover in 1975 is expected to reach 67 per cent of the total workforce. Also planned are certain transfers of people within the company to under-performing departments.

These measures are dictated by the marked deterioration in the airline's profits outlook for this year. Air travel is down, and the plane utilisation factor is also lower. In fact, the airline is going to hit its D.C. and a D.C-10 on its fleet on a provisional basis, forthwith, and next year will sell a D.C-82.

Recently the company reported that by the end of April this year, results were some Sw.Fr.30m (about \$2m.) lower than even the revised estimates drawn up in January, showing a reduction from the original budget of last autumn. For the full year, the company faces a shortfall of about Sw.Fr.70m. (\$11.6m.).

It aims to cover about Sw.Fr.15m. (\$2.5m.) of this deficit by increasing income. The remaining Sw.Fr.55m. (\$9.1m.) will have to be saved by cutting costs. Since no deterioration in service is being sanctioned, the main impact will be in the field of labour costs.

Hence, the major effort in this direction now being launched, including the novel unpaid leave scheme. With this just starting, it is not possible to predict the potential response. However, the bosses, including members of the top management, are setting a lead by announcing their own plans to take extra time off without pay.

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## Swedish pension fund performance

By William Duffell

STOCKHOLM, July 7. SWEDEN'S STATE pension fund outperformed the general index in its stock exchange dealings during the first half of this year. The market value of holdings by the fourth position fund, the only one authorised to invest on the stock exchange since last year, rose by 26 per cent, compared with a 20 per cent rise in the general index of Affarsveiden, the weekly financial newspaper.

The market value of the fund's holdings rose from Kr.180m. at the beginning of the year to Kr.240m. (\$40m.) against purchase prices of respectively Kr.222m. and Kr.235m.

Over a third of the fund's portfolio consists of Volvo shares, in which it increased its holding by 635,000 to over 612,000 shares valued at Kr.119m. during the first half of the year. Its holdings in L. M. Ericsson, the international telecommunications group, more than doubled to 240,000 valued at Kr.56m. There has been speculation that the fund will shortly seek a place on the Volvo Board.

The pension fund increased its holdings in AGA, the industrial gas and welding concern, Swedish Flakt, the industrial ventilation company, and the Incentive Investment Company. The fund's general manager, also favoured pharmaceutical companies, buying for the first time shares in Astra and Fortia, a move which has aroused some comment as the "ruling Social-Democratic Party" has expressed its opposition to state control of the pharmaceutical industry at its autumn congress.

## Increased investment planned

By William Duffell

STOCKHOLM, July 7. SWEDEN'S INDUSTRIAL INVESTMENT maintain a high level of investment in buildings and machinery, despite recent company interim reports showing an unexpectedly sharp drop in sales and profits for the first part of the year. According to the latest survey by the Central Bureau of Statistics, Swedish companies plan to increase investments by a further 10 per cent in volume this year following a 13 per cent rise in 1974.

The investment momentum, being maintained through the year, is expected to lead to a surge in earnings last year. Government guidance to the banks to increase industrial credit and Government encouragement to companies to borrow more abroad. The companies' replies to the survey, however, indicate that the main weight of investment is shifting from the forestry, machine and shipbuilding sectors, which predominated last year, to mining, iron and steel works and engineering. Timber and foodstuffs, however, expect a drop in investment in 1975.

The final figures for 1974 put industrial company investment in building and machinery at Kr.12.5bn. (\$1.42bn.) in current prices, corresponding to a 27 per cent increase in the volume of building investments and 8 per cent in machinery. Planned company investment for this year is Kr.14.7bn. (\$1.67bn.) in current prices, an increase in volume of nearly 10 per cent for buildings and between 6 and 7 per cent for machinery. Industrial companies spent Kr.5.3bn. (\$600m.) on maintenance and repairs last year, an increase in volume of 10 per cent over 1973.

## SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	Bid	Offer
Amex 5 1/2% 1987	99 1/2	100	J. Ray McDermott 4 1/2% 87	100 1/2
Amex 6 1/2% 1987	99 1/2	100	Amex 5 1/2% 1987	100 1/2
Amex 7 1/2% 1987	99 1/2	100	Amex 6 1/2% 1987	100 1/2
Amex 8 1/2% 1987	99 1/2	100	Amex 7 1/2% 1987	100 1/2
Amex 9 1/2% 1987	99 1/2	100	Amex 8 1/2% 1987	100 1/2
Amex 10 1/2% 1987	99 1/2	100	Amex 9 1/2% 1987	100 1/2
Amex 11 1/2% 1987	99 1/2	100	Amex 10 1/2% 1987	100 1/2
Amex 12 1/2% 1987	99 1/2	100	Amex 11 1/2% 1987	100 1/2
Amex 13 1/2% 1987	99 1/2	100	Amex 12 1/2% 1987	100 1/2
Amex 14 1/2% 1987	99 1/2	100	Amex 13 1/2% 1987	100 1/2
Amex 15 1/2% 1987	99 1/2	100	Amex 14 1/2% 1987	100 1/2
Amex 16 1/2% 1987	99 1/2	100	Amex 15 1/2% 1987	100 1/2
Amex 17 1/2% 1987	99 1/2	100	Amex 16 1/2% 1987	100 1/2
Amex 18 1/2% 1987	99 1/2	100	Amex 17 1/2% 1987	100 1/2
Amex 19 1/2% 1987	99 1/2	100	Amex 18 1/2% 1987	100 1/2
Amex 20 1/2% 1987	99 1/2	100	Amex 19 1/2% 1987	100 1/2
Amex 21 1/2% 1987	99 1/2	100	Amex 20 1/2% 1987	100 1/2
Amex 22 1/2% 1987	99 1/2	100	Amex 21 1/2% 1987	100 1/2
Amex 23 1/2% 1987	99 1/2	100	Amex 22 1/2% 1987	100 1/2
Amex 24 1/2% 1987	99 1/2	100	Amex 23 1/2% 1987	100 1/2
Amex 25 1/2% 1987	99 1/2	100	Amex 24 1/2% 1987	100 1/2
Amex 26 1/2% 1987	99 1/2	100	Amex 25 1/2% 1987	100 1/2
Amex 27 1/2% 1987	99 1/2	100	Amex 26 1/2% 1987	100 1/2
Amex 28 1/2% 1987	99 1/2	100	Amex 27 1/2% 1987	100 1/2
Amex 29 1/2% 1987	99 1/2	100	Amex 28 1/2% 1987	100 1/2
Amex 30 1/2% 1987	99 1/2	100	Amex 29 1/2% 1987	100 1/2
Amex 31 1/2% 1987	99 1/2	100	Amex 30 1/2% 1987	100 1/2
Amex 32 1/2% 1987	99 1/2	100	Amex 31 1/2% 1987	100 1/2
Amex 33 1/2% 1987	99 1/2	100	Amex 32 1/2% 1987	100 1/2
Amex 34 1/2% 1987	99 1/2	100	Amex 33 1/2% 1987	100 1/2
Amex 35 1/2% 1987	99 1/2	100	Amex 34 1/2% 1987	100 1/2
Amex 36 1/2% 1987	99 1/2	100	Amex 35 1/2% 1987	100 1/2
Amex 37 1/2% 1987	99 1/2	100	Amex 36 1/2% 1987	100 1/2
Amex 38 1/2% 1987	99 1/2	100	Amex 37 1/2% 1987	100 1/2
Amex 39 1/2% 1987	99 1/2	100	Amex 38 1/2% 1987	100 1/2
Amex 40 1/2% 1987	99 1/2	100	Amex 39 1/2% 1987	100 1/2
Amex 41 1/2% 1987	99 1/2	100	Amex 40 1/2% 1987	100 1/2
Amex 42 1/2% 1987	99 1/2	100	Amex 41 1/2% 1987	100 1/2
Amex 43 1/2% 1987	99 1/2	100	Amex 42 1/2% 1987	100 1/2
Amex 44 1/2% 1987	99 1/2	100	Amex 43 1/2% 1987	100 1/2
Amex 45 1/2% 1987	99 1/2	100	Amex 44 1/2% 1987	100 1/2
Amex 46 1/2% 1987	99 1/2	100	Amex 45 1/2% 1987	100 1/2
Amex 47 1/2% 1987	99 1/2	100	Amex 46 1/2% 1987	100 1/2
Amex 48 1/2% 1987	99 1/2	100	Amex 47 1/2% 1987	100 1/2
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Amex 54 1/2% 1987	99 1/2	100	Amex 53 1/2% 1987	100 1/2
Amex 55 1/2% 1987	99 1/2	100	Amex 54 1/2% 1987	100 1/2
Amex 56 1/2% 1987	99 1/2	100	Amex 55 1/2% 1987	100 1/2
Amex 57 1/2% 1987	99 1/2	100	Amex 56 1/2% 1987	100 1/2
Amex 58 1/2% 1987	99 1/2	100	Amex 57 1/2% 1987	100 1/2
Amex 59 1/2% 1987	99 1/2	100	Amex 58 1/2% 1987	100 1/2
Amex 60 1/2% 1987	99 1/2	100	Amex 59 1/2% 1987	100 1/2
Amex 61 1/2% 1987	99 1/2	100	Amex 60 1/2% 1987	100 1/2
Amex 62 1/2% 1987	99 1/2	100	Amex 61 1/2% 1987	100 1/2
Amex 63 1/2% 1987	99 1/2	100	Amex 62 1/2% 1987	100 1/2
Amex 64 1/2% 1987	99 1/2	100	Amex 63 1/2% 1987	100 1/2
Amex 65 1/2% 1987	99 1/2	100	Amex 64 1/2% 1987	100 1/2
Amex 66 1/2% 1987	99 1/2	100	Amex 65 1/2% 1987	100 1/2
Amex 67 1/2% 1987	99 1/2	100	Amex 66 1/2% 1987	100 1/2
Amex 68 1/2% 1987	99 1/2	100	Amex 67 1/2% 1987	100 1/2
Amex 69 1/2% 1987	99 1/2	100	Amex 68 1/2% 1987	100 1/2
Amex 70 1/2% 1987	99 1/2	100	Amex 69 1/2% 1987	100 1/2
Amex 71 1/2% 1987	99 1/2	100	Amex 70 1/2% 1987	100 1/2
Amex 72 1/2% 1987	99 1/2	100	Amex 71 1/2% 1987	100 1/2
Amex 73 1/2% 1987	99 1/2	100	Amex 72 1/2% 1987	100 1/2
Amex 74 1/2% 1987	99 1/2	100	Amex 73 1/2% 1987	100 1/2
Amex 75 1/2% 1987	99 1/2	100	Amex 74 1/2% 1987	100 1/2
Amex 76 1/2% 1987	99 1/2	100	Amex 75 1/2% 1987	100 1/2
Amex 77 1/2% 1987	99 1/2	100	Amex 76 1/2% 1987	100 1/2
Amex 78 1/2% 1987	99 1/2	100	Amex 77 1/2% 1987	100 1/2
Amex 79 1/2% 1987	99 1/2	100	Amex 78 1/2% 1987	100 1/2
Amex 80 1/2% 1987	99 1/2	100	Amex 79 1/2% 1987	100 1/2
Amex 81 1/2% 1987	99 1/2	100	Amex 80 1/2% 1987	100 1/2
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Amex 83 1/2% 1987	99 1/2	100	Amex 82 1/2% 1987	100 1/2
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Amex 90 1/2% 1987	99 1/2	100	Amex 89 1/2% 1987	100 1/2
Amex 91 1/2% 1987	99 1/2	100	Amex 90 1/2% 1987	100 1/2
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Amex 96 1/2% 1987	99 1/2	100	Amex 95 1/2% 1987	100 1/2
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Amex 98 1/2% 1987	99 1/2	100	Amex 97 1/2% 1987	100 1/2
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Amex 108 1/2% 1987	99 1/2	100	Amex 107 1/2% 1987	100 1/2
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Amex 117 1/2% 1987	99 1/2	100	Amex 116 1/2% 1987	100 1/2
Amex 118 1/2% 1987	99 1/2	100	Amex 117 1/2% 1987	100 1/2
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Amex 147 1/2% 1987	99 1/2	100	Amex 146 1/2% 1987	100 1/2
Amex 148 1/2% 1987	99 1/2	100	Amex 147 1/2% 1987	100 1/2
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Amex 165 1/2% 1987	99 1/2	100	Amex 164 1/2% 1987	100 1/2
Amex 166 1/2% 1987	99 1/2	100	Amex 165 1/2% 1987	100 1/2
Amex 167 1/2% 1987	99 1/2	100	Amex 166 1/2% 1987	100 1/2



## FINANCIAL TIMES SURVEY

Tuesday July 8 1975

## ELECTRONICS AND AUTOMATION

Britain's electronics and automation industries achieved substantial growth last year, and are optimistic about prospects for 1976 given a reasonable degree of economic recovery. Underlying their performance, however, there still remains the lack of balance in production areas, notably in the continued heavy dependence on computer imports.

## Need to close the gaps

For British industry taken since the Second World War. It had long-drawn out effects in electronics, depressing the year's average activity levels and requiring a great deal of overtime working to catch up with backlogs—and some sectors still have not recovered. Also to be considered is the fact that many customer countries experienced a considerable slowing down in expansion.

Thus the growth in deliveries by home manufacturers to an estimated £924m. from £740m. previously was a considerable achievement and there is reason to hope that the rate has been maintained at least for part of the current year.

However, there is one sector of the electronic capital goods market, and a major one, that calls for further close scrutiny from Government, despite two years of Select Committee hearings and the production of massive amounts of information in compendious reports.

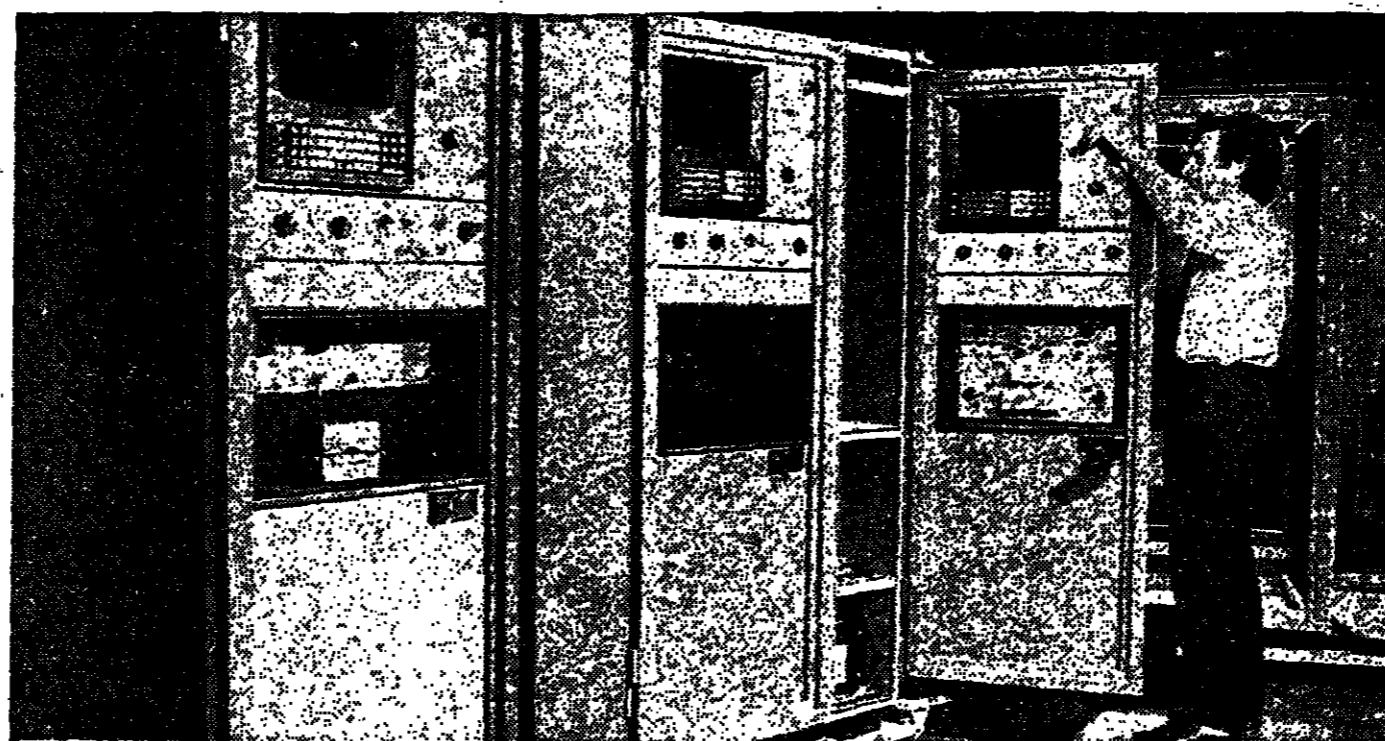
## Plain fact

Even allowing for severe inflation, the better than 21 per cent. advance in deliveries of electronic capital equipment by U.K. manufacturers to home and export markets in 1974 was a notable achievement, bringing electronics closer than ever to the "big league" of general engineering and building and civil engineering.

Whether this growth can be maintained for 1975 seems doubtful but with many companies prepared to accept that whatever happens this year a sharp recovery can be expected at the latest by the end of 1976 the atmosphere is not one of unadulterated gloom.

The 1974 performance also has to be seen against the background for that year of the terrific drain on the economy of the new high oil prices and the effects of the disastrous industrial confrontation which culminated in the three-day week. This, in retrospect, seems to be one of the most damaging times

The plain fact of the matter is that despite all the Government support, primarily to ICL, imports of computers and sub-assemblies are far too high and the amount of value added to these imports far too low. The imbalance for 1974 was a worst-ever £135m. and while these figures may not represent the actual deficit because of Customs and Excise adjustments as well as the time lag between imports of sub-assemblies and exports of equipment containing them, it is acceptable with sterling floating



Final testing of the new Plessey computer numerical control systems developed under a joint agreement for technical collaboration with the Allen-Bradley group of America.

lower all the time that so much equipment which could be made in Britain is imported?

It is no answer to say that computers are international equipment. The U.S. balance of payments—without exports of them—would be sick indeed. A look at a recent authoritative survey of computer populations in the U.K. shows immediately £523m. (32.3 per cent.), ICL £431m. (26.6), Burroughs £224m. (13.9), Honeywell £89m. (5.5), 10 per cent. Add to this the

manufacturers have to make up. Univac £52m. (3.2) and NCR £44m. (2.7).

Padder Associates Limited—PAL—has done a thorough cross-check of a National Computing Centre compilation of computer population records and has come up with some significant facts. The value of machines installed at the beginning of this year was IBM U.K. share would be over 80 per cent. while IBM and micro-computer industry proportionate to that of the U.S. and the peripherals side of the busi-

ness is far below what it should be, which makes participation of ICL in the NCR/CDC venture on peripherals all the more urgent.

The other branches of the electronic capital goods industry save the day, for there was a surplus of exports over imports, according to Customs, and Excise, of nearly £8m. in 1974 after a deficit of £2m. the year before and a surplus of about £10m. in 1972.

Considering the pressure on the domestic market and the cut-throat competition abroad, this is not bad at all. Radar, radio and navigational aids, closed circuit television, and medical electronic and X-ray equipment sales by U.K. makers in the year were close on £611m. with over £145 worth exported, showing the growth in money terms of about 20 per cent. for deliveries and 35 for exports. Imports in this particular sector rose to £50m. from just under £36m. and thus it was a major asset to the country providing a welcome export surplus. But the computer sector with its negative balance of £135m. ruined the overall picture.

In view of the forward projections for growth in this area and the vast expansion of terminals and peripherals predicted by Arthur D. Little and Diebold, which should take data processing into a position ahead of cars and chemicals quite soon, the position is serious. Nor will the anticipated change in the form of data processing to the fourth generation distributed intelligence equipment of the 1980s make much difference

unless Ministries responsible for the future of the industry take action. One ray of hope is the importance of software in fourth generation equipment, since Britain is the acknowledged leader in software innovations. "Bespoke" software is now an important branch of the services industry and this underlines the peculiar aptitude of many people in Britain to earn their living through problem solving for others—such as in the private contract research organisations and the Research Associations among whom SIR and ERA are of special importance for the electronic industries.

Fully automated design of devices and circuit board layout also has a world leader in Britain—Redac Software (Racal)—and its products are used by most of the major electronics companies around the world.

All is not gloom and there are areas where excellence of the product sells it worldwide, but there are frightening gaps in the types of products offered and little is being done either in the U.K. or in Europe to fill these gaps.

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The Plessey Company Limited,  
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## ELECTRONICS AND AUTOMATION II

## Semiconductor devices

WITH WEEKLY production runs numbered in hundreds of millions of units, the manufacture of semiconductor devices—diodes, transistors and integrated circuits—represents virtually the ultimate mass production industry. Paradoxically, it is also an industry where automated production techniques have not so far found widespread acceptance.

Apart from a few "commodity" lines such as general purpose diodes and transistors, the wide variety of device configurations produced by any one manufacturer, coupled with the multiplicity of manufacturing stages have mitigated against the implementation of automated lines similar to those now common in other continuous process industries. There are 11 basic steps in the fabrication of most types of semiconductor device, many of which involve several repetitive sub-steps. The first stage is design, followed by the generation of diffusion masks, the preparation of the ultra-pure silicon disc—or wafer—which will form the base material, the carefully controlled diffusion of selected impurities through areas previously defined by the masks into the silicon, to form both the active areas of the circuit or device and the interconnections between them and then the probing of the hundreds of individual integrated circuits or transistors contained on each wafer to determine just how many are good. Generally these operations are known collectively as "wafer fabrication".

Subsequent processes involve the cutting of the wafer into individual components, or "dice"—the attachment of the dice, to a metal frame which will form the basic structure of the final encapsulation, the wiring of anywhere between two and 64 connections from the silicon dice to the pins which form an integral part of the "lead frame"—usually with hair-fine gold or aluminium wire—and then the final sealing or moulding of the package which forms the protective encapsulation of the device. Finally, these "assembly" stages are followed by exhaustive testing of individual devices, during which they are sorted into various categories depending on their quality, and then marking of part numbers, brand names and possibly a code to identify the time and

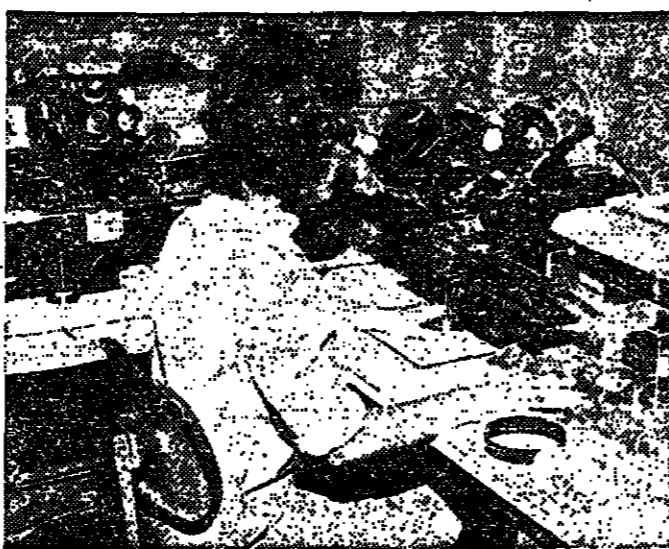
place of their production. Each of these processes imposes certain constraints on the others in the organisation of a smoothly flowing production line. For example, the wafer fabrication processes used by most companies are capable of generating devices at a rate far in excess of that at which they can be assembled into packages, while the final testing and branding processes may in their turn progress at yet a different rate. There is little point, then, in speeding up one area of activity with the introduction of automatic machinery, all other things being equal, if the result is either a bottleneck at the next stage, or not sufficient output from a preceding stage to load the new machine fully.

That is not to say, of course, that there has not been a place for automation in this process. Indeed, there has, but in selected areas only so far—notably at the very early and very last stages—design and final testing—and the intermediate stages where fully diffused wafers are probed tested and then cut into dice.

## Risk

The most noticeable change is the level of employment in the industry. Estimates put current staffing levels at least 60 per cent below those of a year ago—on a worldwide basis, and it seems unlikely that all or even, perhaps most, of the lost jobs will be available when the predicted semiconductor market upswing gets underway, within the next few months. Especially at risk are those in the so-called "offshore" assembly facilities set up in such places as Taiwan, Singapore, South Korea, Indonesia, Mexico and Portugal, where the greater proportion of the "lay-offs" have occurred.

These manufacturing facilities were established over the past five years to handle the labour intensive assembly stages in the semiconductor production process. The choice of their location was determined by both the availability of a pool of suitable labour and the extremely low remuneration they were willing



A punched tape controlled automatic semiconductor wire bonding machine developed at the Footscray plant of I.T.T. Semiconductors.

to accept. As the plants developed and matured, and as more and more companies moved into the same areas, so labour rates began to edge upwards.

At the same time the "energy crisis" has forced air freight rates up to the point where the cost of transporting unfinished devices several thousand miles for encapsulation and then freight to their end users, coupled with more stringent import restrictions in some areas, is making very severe inroads into traditionally slim profit margins. The political instability of some areas of the world, is also stimulating the retreat of the assembly teams to locations nearer home.

However, in the U.S. or the U.K., while labour rates are relatively higher, the main problem is—or certainly will be—the availability of personnel with the right aptitudes and in sufficient numbers. The result has been to force the development of efficient machines for use in the automation of assembly stages especially the rather tedious process of providing the interconnections between the die and its output pins. Ultimately the objective is to eliminate the use of wire—not only from the point of view of the cost involved but also to improve both yields and reliability.

Development work aimed at this solution has been undertaken by most of the major

semiconductor producers for several years now, generally involving the automatic mounting of integrated circuit or transistor chips on to some form of continuous strip to facilitate handling and to allow automatic location in the final package. This approach has been given the generic name of "gang bonding," and when fully developed is expected to allow production rates of more than 1,000 devices an hour—and since all bonds in a multi-lead package are made simultaneously by this technique, that rate would apply equally to a two lead transistor and a 48 pin micro-computer device.

In the short term a more practical approach adopted by some companies is to continue to use wire bonding techniques, but to introduce some measure of automatic control over the operation of the machine. I.T.T. Semiconductors at Footscray in Kent have adopted this approach with the development and introduction into service of a series of machines which are controlled by either tape or a cam shaft system. An operator has only to adjust for initial alignment rather than carry out all bonds, allowing each operator to control three machines and increase output by up to eight times.

Meanwhile, the development of a growing market for more complex devices has had a far reaching effect on the one operation which has always been automated to some extent—testing. Here the introduction of new devices such as micro-computer ICs, large capacity memory devices, calculator circuits and other very sophisticated components has led to a certain amount of heart searching among the manufacturers of test equipment, and a variety of approaches to the solution of the problem.

Many of the new machines, some of which will be smaller and lower in cost than those used for less complex devices, will in fact rely heavily for their realisation on the very devices which they are designed to test. Many too will be "optimised" to test only a limited category of device. That this specialisation is even envisaged let alone about to become a practical reality, demonstrates how the market for ICs has progressed to the point where long production runs of even the most complex ICs are now normal.

## Repeaters

The British Post Office, for example, demands that ICs intended for use in such equipment as telephone exchanges and transmission line repeaters should have no more than a 2 per cent chance of failing in 20 years of operation, where "failure" is defined as a 10 per cent drift in performance characteristics. In order to demonstrate that his products can meet these requirements a manufacturer must subject batches of devices to a whole range of very severe environmental and electrical tests, with very carefully collated documentation of the results. This is difficult to achieve now without building up a log jam of devices, and at a time when the telecommunications market for these semiconductor devices is only just beginning to emerge.

Peter Fletcher  
Electronics Weekly



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Numerical  
control

OPERATORS of machine shops have one thing in common—a shortage of truly skilled craftsmen. Apart from that there is little agreement on the best production systems applicable in various cases.

On numerical control, for instance, companies otherwise using the most advanced technologies are not convinced of its value even when they are producing complex shapes in series. This is a serious criticism of the way in which numerical control has been sold to users and the job does not seem to have been tackled any better for computer numerical control in its various forms.

A great deal of time and taxpayers' money already has been expended in Britain to try to convince the smaller users that a modicum of automation would pay off handsomely in better productivity.

The campaign has been running for over ten years to not much effect and even what amounted to outright gifts of advanced equipment have had no tangible results. Partly to blame have been full order books and a sellers market, but now the competition for available work is turning bitter and with the job situation in the developed countries the margin between winning and losing a contract could depend entirely on product quality.

## Upheavals

It seems paradoxical to suggest that in a period of retrenchment companies should think of installing equipment that is comparatively costly, may well cause some upheavals on the shop floor and, perhaps more importantly, poses a serious challenge to the abilities of traditionalists among management to introduce it and apply it effectively.

But if the expectation of a number of industry sectors that trade will revive in 1976 is more than whistling in the dark—and surely this must be so—since exports are holding up well and customers abroad have every reason to order sterling goods, then the sooner new techniques are brought in the better.

This is particularly important at a time when it is likely that the new orders will begin to arrive in small batches for urgent delivery and this is likely to go on till there is general confidence in a recovery. So makers of automation for the machine tool side of industry still have a great deal of persuading to do, and they will not serve their clients or themselves by over-selling or supplying in inappropriate kit.

One very encouraging sign has been the response to U.K. equipment at the recent Paris machine tool exhibition in which 53 companies took part under the direction of the British Overseas Trade Board and the Machine Tool Trade Association. Most successful equipment, so far as can be judged, was relatively simple automation easy to set up for a product change.

It probably would be wrong to read too much into this. But the "breakthrough" in machine tool control heralded on several occasions in the past ten years and to come either through control from a dedicated minicomputer, control of a whole ship from a more powerful unit, or full management of a production set up centrally, plus on-line in-process gauging and quality control, just has not happened.

Indeed all these developments are now expected to come in widely only during the next ten years. But what the actual controller will be is a moot point.

At the moment, electronic engineers are talking quite confidently of bubble memories to be launched in mid-1976 which will make a significant contribution to localised low-cost calculating power. Major agreements between systems companies in Europe and U.S. groups who have successfully developed and sold microcomputers are in the making and the technology of solid state memories is advancing very quickly.

In fact the whole control scenario is changing very quickly and hardware/hard wire programming devices are coming down rapidly.

This is not to say that the whole infrastructure of machine tool programming through computer-assisted design will collapse overnight. On the contrary, CAD will flourish as more production engineers realise how much time and effort can be saved by appropriate applications.

But the microcomputer is likely to do the minicomputer what the latter is doing to the large data-processing unit—making it look to more and more people as cumbersome and outdated as a dinosaur.

## Concern

Allowing for the hyperbole of the enthusiast and the fact that none of the microcomputer builders has the application knowledge quickly to bring about a revolution in control techniques overnight there still is cause for concern and considerable involvement both on the part of machine tool makers and large users.

Each group must have a say in the path new control systems take and in the obsolescence of current equipment, having regard to the money already spent in software work. Perhaps this dialogue is best carried out through organisations such as MTFA and PERA who have the facilities and uncontrolled staff to evaluate new methods dispassionately.

Everyone is on a learning curve, including the control makers, but the curve is steeper where the knowledge of electronics by the control engineer is less—and almost vertical when the man has specialised in hydraulics. New possibilities of control and automation for machine tools have popped up at increasingly frequent intervals—far too often in fact for general users and manufacturers—and too little sustained development along one promising line has been the result.

Now there is a chance to consolidate and U.K. developers should seize it with both hands.

Ted Schoeters

# Nick Potter

Barclays Bank International Limited

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## Improving process control

IMPROVING the links between computers and instruments is currently the theme of two major parallel changes in the British process control industry. On the organisational plane, GEC is about to restructure its operations; after several years of relative remoteness from each other, co-ordination of Process Automation and Process Instruments will be considerably tightened. Similarly George Kent, the company which GEC just failed to win by takeover bid last year, it being integrated into the multinational Brown Boveri network, and co-ordination of BB's continental automation interests with the computing and instrument sides of Kent is one of the items on the agenda.

The logic of the commercial interdependence of instruments and computers is now seen as inexorable by those companies with a foot in each camp. Both Kent/Brown Boveri and GEC now consider that an instrument company must have a major systems activity—including computing—if it is to reap the full market potential of its instrument interests.

Ferranti, by contrast, whose instruments side has only a limited involvement in process control, insists that it has proved successful strategy of linking its computers with a whole range of instruments made by others, the likes of Kent, Foxboro, Taylor, Harman and Braun, Honeywell and Siemens. One of its main attractions is to the customer who wants more than just a small computer for dedicated control work: Ferranti could be said to be more in the process management field than in control "pure and simple," with a growing stress on information aspects.

Parallel to these organisational developments has come intense discussion about the technical and commercial implications of a new type of "inter-

face" (using the word in its widest sense), the MEDIA (Modular Electronic Digital Instrumentation Assemblies) system, which was developed initially by ICI and then by GEC-Elliott Process Instruments, which presented it to the public three months ago.

MEDIA is seen by other suppliers as an interim stage between the current and future ranges of computerised process control systems. Most current systems carry out the analogue-digital interface at the centre, communicating with the instruments in analogue form. One of the brightest prospects for the future is a digital system with distributed control, with the central computer taking on a purely co-ordinating and information-providing role, and communicating in digital form with microcomputers around the plant, each of which controls a group of instruments.

## Frequency

One stage further on—at a date which few companies are rash enough to forecast—is the system which dispenses with analogue-digital interfaces but "digital" instrumentation is only in its very early stages, with such products as frequency flow meters.

The fact that MEDIA was developed initially by a process control customer, rather than by a supplier of either instruments or computer systems, could be taken as indicative of the past lack of co-ordination between the two industrial sectors. In some companies at least. But it was also due to ICI's unusually strong research and development resources. GEC has since put considerable effort into "industrialising" what was originally a researcher's product, in the words of one of GEC's international competitors.

One of ICI's main requirements was to maintain the flexibility of a digital system when the computer broke down (the increasingly rare "back-up"

larger computer—than DEC's but it plans to spread the net vested interest against complete standardisation since it would enable the user to adopt a much more flexible approach to his purchasing. Or the PDP 11 computer is met with the reply that "MEDIA British suppliers have formed a new working party within the Industrial and Electronics section of the Control and Manufacturers Association (CAMA) to look at ways in which instrument standardisation can be taken further."

One digital controller per loop and the need for a large number of local interfaces might appear to be a high price to pay, but GEC claims that the controllers are not much more expensive than their analogue counterparts and that a conventional Direct Digital Control (DDC) system with analogue back-up would cost more than a MEDIA-based system.

Critics of MEDIA have also alleged that it would be uneconomical to use for a large plant, to which GEC replies that one already installed system contains 600 loops, and that the largest number of controllers so far, GEC's initial concentration will be on chemicals, petro-

chemicals and pharmaceuticals, computer suppliers have a

## Attractions

In spite of the many attractions which have been claimed for it, MEDIA is unlikely ever to become an industry standard (though GEC intends to develop it further) in the way CAMAC might have done had it been less biased to complex and expensive, research-type instrumentation (it was developed in the nuclear industry). It could be argued that the far is 24, with no limitation except to the extent that a chemicals and pharmaceuticals, computer suppliers have a

White basic international standards have become increasingly accepted, there is a strong body of opinion that the "ad hoc" part of engineering computerised process control system would be eased if it were no longer necessary to ask each manufacturer for extra information on such matters as noise levels and response times and to carry out so many compatibility tests.

Christopher Lorenz

## Continuing growth in components

IT IS REALLY TIME for a complete reclassification of "components" since this word now covers everything between a microcomputer and a colour TV tube, passing through families of devices in advance of demand expected to revive sharply towards the end of next year. Plessey predicts demand revival by October.

No true picture of the electronic components industry can be obtained other than by a very close study of the highly detailed statistics and certain extremely important areas such as power semiconductors are difficult to define with accuracy. There is a case for new subsections such as "supplies" and "mechanical assemblies" which would immediately simplify handling the present lengthy lists of apparently unrelated objects. There can be no valid reason other than an historical one for putting integrated circuits after thyristors and transistors and ahead of aerials. And one such integrated circuit can be the heart of a fast microprocessor such as the 55 nanosecond cycle time family Motorola is to release next year.

But unless there is much closer collaboration between European companies and concerted political/economic action by the EEC Governments, this components growth which in European terms could be to about £8bn. by 1980, will almost certainly be to the main benefit of five large U.S. companies, even though fully automated production of ready to use integrated circuits is only a relatively short time in the future.

The other philosophy—to keep abreast of technology but manufacture only those devices which have an immediate sales appeal in a specialist area—is paying off for ASEA in optoelectronics and hybrid devices and for GEC in charge-coupled devices and linear circuits. And in view of the way in which solid-state memory, computing and other devices are collapsing price-wise, there is little to say on an attitude which can only please shareholders. Research and development up-to-date plant ever built—in the electronic component the industry in Europe has con-

tinued to react in its own highly individualistic ways. Siemens has taken into service the big MOS facility in Europe and areas of basic knowledge have not been properly mapped. This is why Philips has set up several hundred thousands pounds worth of equipment to make a detailed investigation of the last few layers of atoms in a semiconductor surface.

B. W. Manley, Mullard's commercial general manager, believes growth in components may return to or surpass the 14 per cent. rate achieved earlier in the decade. This growth, in terms of actual outputs, must have been far greater since it went hand in hand with murderous price reductions which caused every U.K. domestic producer to lose heavily on each standard integrated circuit made.

If old growth rates are exceeded, the U.K. market could climb from about £600m. a year to a total components delivery of £1bn. by 1980—total electronics business now is of the order of £2bn.

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## Catching up

But only a few companies can afford to invest that much money in catching up with basic work that should have been done generally ten years ago. That it will ultimately pay off in knowing why and how processes go wrong and designing them accordingly goes without saying—but on the other side of the Atlantic the money would almost certainly have come from Government.

In power semiconductors, the picture is very different and, here, technology has progressed steadily over the past ten

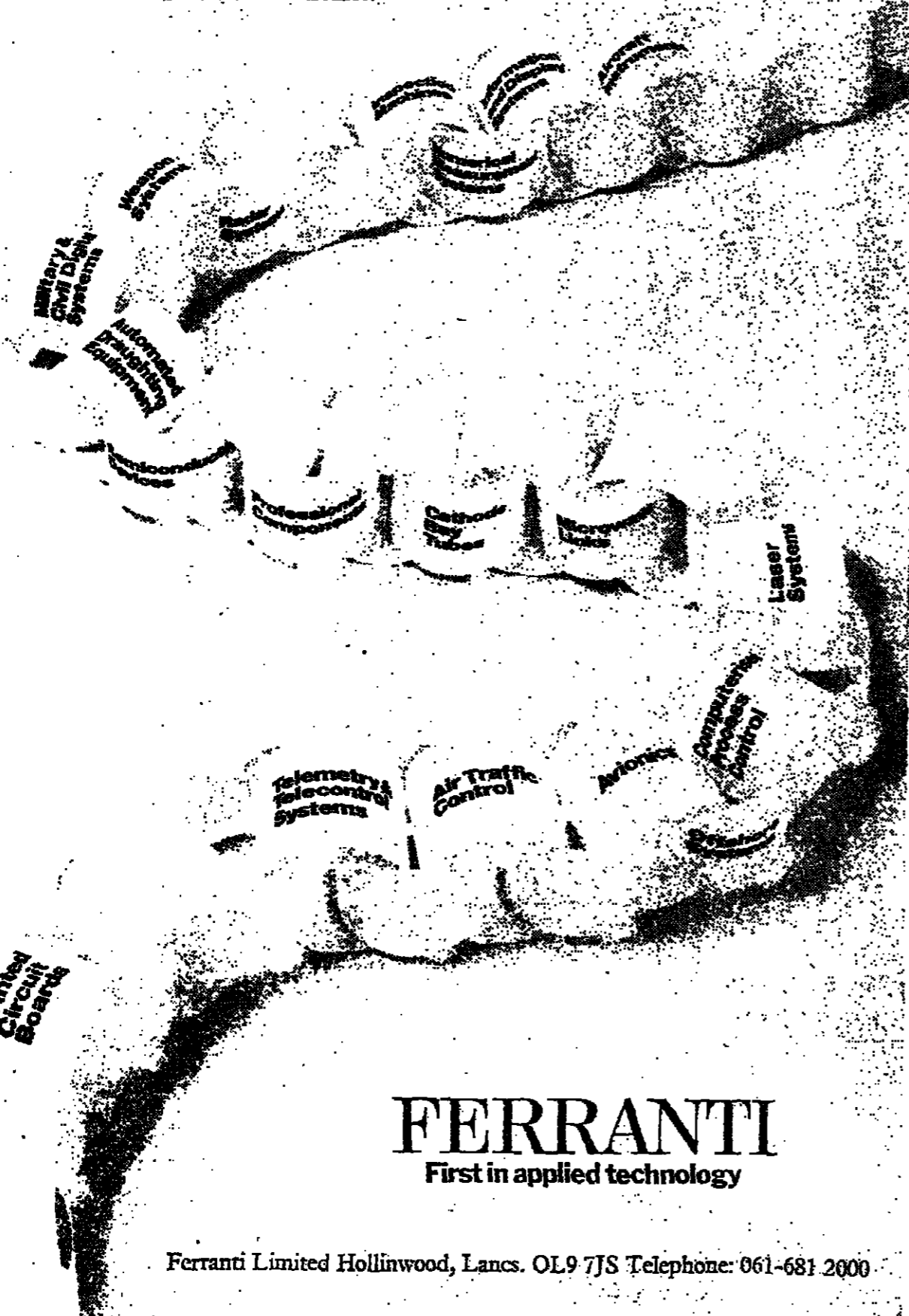
years or so without any of the spectacular leaps and collapses which have characterised the low-current end of the market. European turnover in these devices this year may be around £55m. split between what one might call various "centres of excellence" such as AEL, ASEA, Brown Boveri and Siemens as well as International Rectifier and GE. Britain is not faring too badly here, though depressed market conditions may continue for another 12 months. Imports for 1973 of power devices were about £51m. (£4m.) with comparable exports slightly higher and actual market sales by U.K. makers of devices of over 500 mA. £16.2m. (£13.2m.).

This is a much more satisfactory situation, all things being equal, than in light current devices and stems, in part, from the fact it has not been possible to automate power device production to anything like the same degree as integrated circuits.

Ted Schoeters

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## Imbalance

This is why the overall picture as provided by statistics could lead to wrong conclusions. There was a vast imbalance in 1974 with exports of radio and electronic components running at £182m. (£142m.) but imports at £235m. (£285m.). By far the largest import bill was for colour TV tubes at £37m. (£41m.) but exports were at about half that level.

Semiconductor devices and parts accounted for an inflow of around £35m. (£29m.) with exports of integrated circuits at only £13.7m. (£7.1m.). This is probably much more damaging in the long run to domestic electronic device manufacturers, but the protest lodged with Government has been against "dumping" of TV tubes at unfair prices.

With world competition for the available semiconductor business becoming increasingly vicious—the latest victim, Bowmar, probably had the most up-to-date plant ever built—in the electronic component the industry in Europe has con-

tinued to react in its own highly individualistic ways. Siemens has taken into service the big MOS facility in Europe and areas of basic knowledge have not been properly mapped. This is why Philips has set up several hundred thousands pounds worth of equipment to make a detailed investigation of the last few layers of atoms in a semiconductor surface.

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## ELECTRONICS AND AUTOMATION IV

## Telecommunication techniques

EXACTLY 50 years ago this month the then Engineer-in-Chief of the British Post Office, Colonel T. F. Purves, announced that the Strowger system was to become standard equipment for use in British automatic telephone exchanges. Less than two weeks ago, on June 26, the last manual public telephone exchange in England—at Abingdon—was replaced by an automatic system.

Significantly, the new Abingdon exchange, although one of the most recent to leave the production lines, and a "crossbar" rather than a Strowger type, had many of its design and performance characteristics defined by the need to interact successfully with the older type exchanges. Thus the effects of Colonel Purves' decision in 1925 are still making themselves felt. Similarly, any decisions taken in 1975 on a new technological approach to the methods used to switch and route telephone traffic around the U.K., or indeed around the world, are likely to have more significance for the Chief Engineer of the Post Office in the year 2025 than for the present holder of that position. This responsibility then sets the first limitation of caution and the need for careful thought on the design of new equipment.

## Constraints

Although the specific instance quoted here concerns the British network, the same basic constraints are applicable to virtually every other national telecommunications authority around the world. For some, though, assuming the technical solutions exist, the decision may be relatively easier or harder to take. For example, in countries where there is not such a high density of automatic networks the ease of changing to a new system is greater, while in a country where there may be a variety of operating companies the task may be harder.

Whatever the national political and sociological pressures for or against the taking of such decisions around the world, there is no doubt that the rapidly changing nature of the needs of the users of telecommunications services are dictating that changes are essential. The energy crisis, for example,

now makes it infinitely more desirable to move disembodied information from point to point rather than people or pieces of paper, while the penetration of automation in other countries—with the consequent increase in leisure time, forced or voluntary, among workers of the industrial nations—is putting pressure on the means of distributing entertainment data and signals.

Most national authorities, therefore, are beginning to fix their policies on designing and installing what are known as "integrated communications networks," capable of carrying, and switching simultaneously, voice communications, computer-generated data and wideband television and radio signals. The only viable technical solution to these problems is the use of advanced electronic techniques, especially since the mechanical equipment and to some extent its semi-electronic derivatives are not capable of successful adaptation to meet all requirements.

This in turn places severe technical constraints on the design of telephone exchanges—known in the language of the telecommunications people as "switching systems"—both as a result of the need to interface with the huge amount of obsolete electromechanical equipment now in use and which cannot be written off and because of the relative vastness of the systems to be replaced.

Taking the British system as an example, the magnitude of the physical and technical difficulties involved may be judged when it is appreciated that nearly 20m. telephone installations are in service in the U.K. at present and that the Post Office undertakes to connect each one with any of the others on demand and more or less instantly. It must also be remembered that several million users are likely to be demanding the same service at any given instant. Furthermore, since the world's economy depends on the interchange of trade between nations, the same is generally applicable to each of the 327m. telephones installed throughout the world with access to international networks.

It may be seen then that conditions have changed considerably since Colonel Purves made

his decision in 1925, even ignoring the many millions of other types of equipment attached to the network—facsimile machines, data terminals and teleprinters for example. At the same time, it indicates the relative ease and speed with which the most advanced systems can be installed in underdeveloped countries.

## Switching

Apart from operational conditions there are many other purely technical reasons why electronic switching systems are desirable at this time. Not the least of these is the relative cost of building and maintaining electromechanical equipment with its inherently high labour content. As a result various attempts have been made—some successful—many not—to take advantage particularly of semiconductor technology to improve these aspects of telephone switching systems.

In general, though, apart from some relatively small systems serving only a few thousand subscribers, these developments, constrained as they were to work in existing systems, have all relied on the making of a physical connection between two metal contacts to set up a defined physical connection between a calling and a called party, albeit under the control of electronic computer-like circuitry. In other words, even with the application of electronic techniques, each individual telephone connection is identified in terms of its spatial relationship with all the others—a philosophy known technically as "space division."

The general technological consensus around the world, however, is that in order to perform all the services and functions which will be required of switching systems during the next century, a fourth dimension, time, must be introduced. Thus in future networks each party in each two-way conversation will be uniquely identified by temporal relationship with all other parties who are using a switching network at the same time—the concept of "time division."

Technically this can be achieved in theory relatively

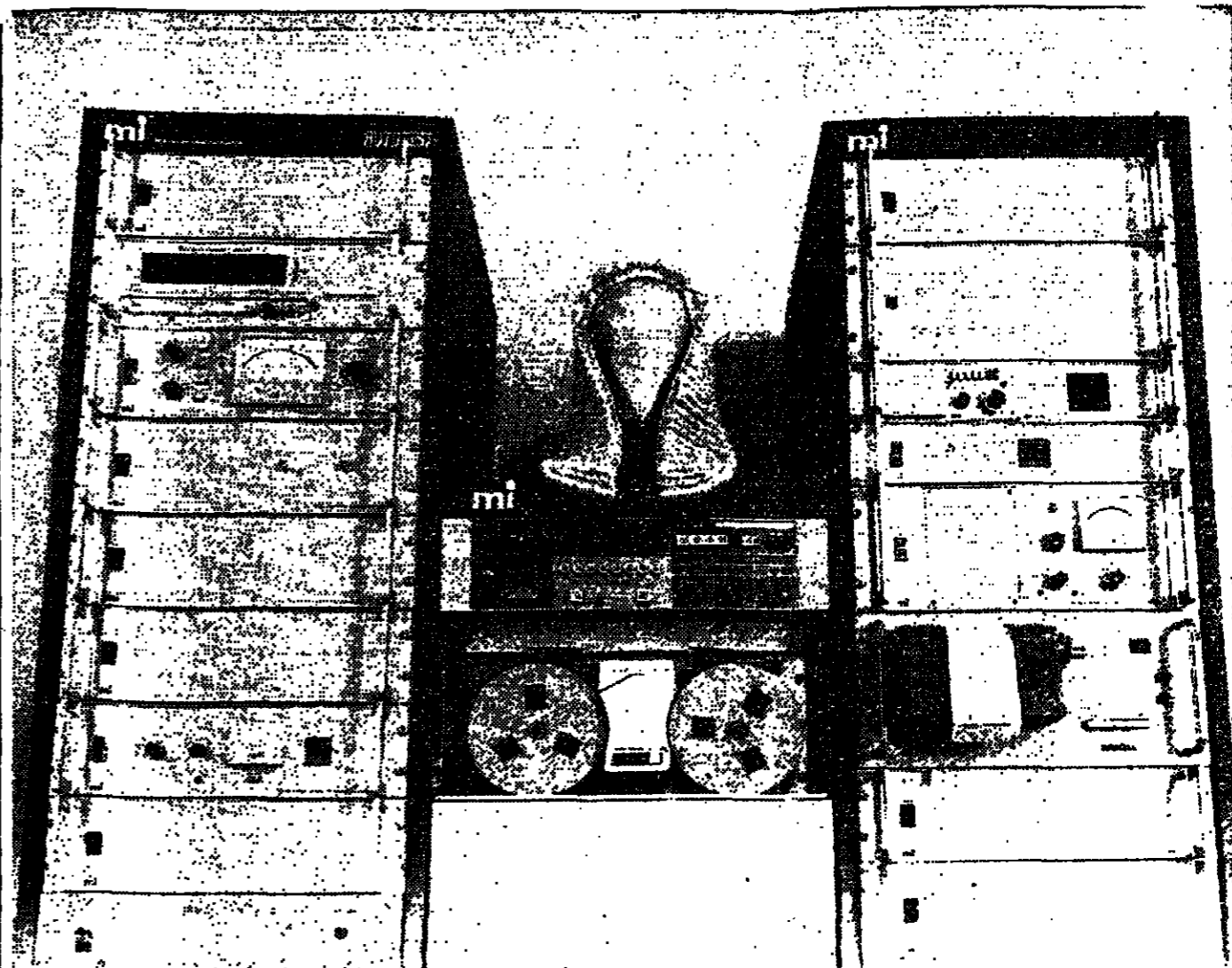
easily, by means of digital techniques similar to those used in computer systems. This involves the coding of speech and other signals into a train of digital words of very closely defined format and duration. In this form, provided the digital words relating to any given conversation can be readily identified, there is no reason why they should not be interleaved with others which are to be routed by a switching system in the same general direction.

In fact this technique—called "pulse code modulation" or PCM for short—has been in use in the interconnecting links between exchanges for some ten years in the U.K. Now it is to be extended into the switching centres themselves. Although this has been a well known and well researched possibility for some time, it is really only in the last few years that it has become technically viable. Not the least of the difficulties in implementing a practical system has been the availability of integrated circuits and other semiconductor devices of the right kind, in sufficient numbers and, most significantly, with a demonstrably high enough reliability.

According to J. H. H. Merriam, Senior Director Development of the British Post Office, his organisation alone expects to be consuming semiconductor devices at a rate of 120m. a year in 1978 compared with 45m. last year. And the vast majority will be required to have a chance of failing of less than 2 per cent in 40 years.

Thus it may be seen that the problems of designing successful all-electronic telephone exchanges are mainly defined by the ultimate scale of the task rather than technical competence. As a result, the only really successful systems have been small ones, and generally for limited application. This is seen, for example, in small private exchanges handling the internal traffic in a hotel or office complex, as in the case of Northern Electric's SG 1 "Pulse" 100-line PEBX, or where, as in France, the automation of rural telephone networks can be carried out in relative isolation from the main network.

Peter Fletcher



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## New technology aids management

THE IMPORTANCE of micro-systems was highlighted last week by the announcement of an agreement between Plessey and National Semiconductor to swap information and facilities in some aspects of their businesses.

National Semiconductor is one of five major groups building the "computer on a chip." It is involved in the mass production of low-cost technology devices. However, it has recognised that the potential market for microprocessors is much bigger than it can handle. So Plessey will provide some of its systems know-how through its Microsystems centre.

Although Plessey could have built its own units, it has decided to use devices which are already on the market and so save between £1.2m. and £1.6m. This will give it a chance to get into the market while at the same time retaining the option to produce some products under licence if and when required.

The potential market overlaps with the traditional data processing market to some extent. But its ramifications are very much wider and there are at least 30 industries that could eventually benefit from the technology of the LSI chip. The advantages of being able to control a wide range of processors including a car engine and a printing press from two or three pin-head areas has obvious advantages, albeit at a price.

To some people in the industry, though, the technology has received too much publicity so that many people have expectations from it that hardly exist at commercial price levels. Essentially, the technology provides a much expanded application but not necessarily at a productive cost. Thus the marketing of a machine using the technology must be weighed up against the applications which it can carry out and the resultant savings to the user versus his desire to pay the necessary high cost to get that machine.

## Information

In the field of cash registers, for instance, the technology has already developed to link the cash register on to a master computer and so expand enormously the application of what started off simply as a money till—the system becomes a part of the management information installation.

By wiring LSI chips to separate systems, the applications are widened. This introduces the advantages of modular development so that the choices to the end users can vary.

An example of this is when a total is held in memory while the client pauses to find her cheque book or credit card. Meanwhile, of course, the next customer can be served and the

first total recalled subsequently.

The additional costs of these types of additional applications vary enormously. It is not just a question of cheaper technology producing much cheaper end products as has been the case with the calculator. LSI chips are only a part of the product—the eventual price depends to a large extent on what the chips are connected to.

In other words, for many market sectors the costs of the peripheral devices that will determine what applications the machine is good for will become more expensive than the central equipment itself. At the heart one has the processor, but it still has to be translated to invoices and the payroll stock control of whatever management system is required.

But the linking system to drive or spin the intervening magnetic tape or discs can be expensive, like memory boards or the mechanics to access the tape. The cost of the future microprocessor will depend as much on the software as on the hardware and hardware. Although over the foreseeable future it may not become as competitive a situation as the calculator market, there could well be benefits to the users.

In the case of electromechanical cash registers, for instance, a whole new market is opening up for a product that costs not much more than conventional cash registers but can

do very much more and become, in a sense, a part of the whole management information system. At the moment the marketing effort is being led by some of the Japanese manufacturers who are selling electronic cash registers in the U.S. market for around \$2,000. The capacities of some of these machines are large enough to hold up to 1,000 totals as against the current level on conventional machines of around 20 totals. Yet the price of the new machines is not that different. These bigger capacities open up a host of different applications because of the enormous calculating power and memories of the LSI chips.

## Impact

It is this new technology that is beginning to have an impact on the whole retailing sector. Cash registers of around £3,000 are available in the U.K. that can undertake some of these activities and demand is beginning to accelerate.

According to one expert in the field, the potential market is worth around £30m. to £40m. a year. "Management," he says "has got to look at its back office, and not only at the cash desk. It is those people currently involved in management services who are familiar with data processing technology who are most likely to bring the new technologies into use."

Roy Levine

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# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

## Index falls 10 on prime rate fears

## Dollar strong

BY OUR WALL STREET CORRESPONDENT

FAIRLY SHARP losses developed on Wall Street today attributed to concern that interest rates may be coming under pressure after having declined steadily since last September.

The Dow Jones Industrial Average came back 10.7 to 861.08, the NYSE All Common Index lost 42 cents to \$50.03, while declines outweighed gains by 921 to 508. Trading volume dropped by 3.55m, shares to 15.55m.

Analysts continued to look for a move soon by a major bank to a 7 per cent prime rate from 6.75 per cent, the prevailing rate. First National City Bank of New York on Thursday raised its rate to 7 per cent, from 6.75 per cent, where it stood alone. The move followed tightening of monetary policy by the Federal Reserve as the money supply continued to grow.

The supply grew further in the figures reported on Thursday, despite FED efforts to hold it down.

Brokers said the Stock Market was also weighed down by reports that recent statistics on unemployment and inflation do not signify serious progress concerning the problems.

Aluminum Company of America fell \$1 to \$45.10. It was one of several companies that agreed to delay pending aluminum price increases for 30 days at the request of the Council on Wage and Price Stability.

Revolts Metals of \$1 at \$22, and Kaiser Aluminum, off \$1 at \$31, also agreed to delay price increases.

The American Steel Market Value Index moved down 0.43 to 92.17, with the declines outnumbering advances by 359 to 270.

**OTHER MARKETS**

**Canada moves up**  
Canadian Stock Markets generally improved in light trading yesterday.

The Industrial Share Index rose 0.36 to 189.20. The Dow Jones Industrial Index rose 0.36 to 189.20. The Dow Jones Industrial Index rose 0.36 to 189.20.

**PARIS**—Steady in busy trading, despite the rise in the Call Money Rate and recent depressing reports on the French economy. Dealers were encouraged by the strength of the dollar and Treasury Secretary Simon's statement that it is still undervalued, which promised more competitive French exports.

Banks, Portfolios, Rubbers and Steels were mixed. Oils and Metals steady, while Foodstuffs, Textiles, Transports, Metals, Constructions and Electricals were generally firm, although Alstom fell back.

Foreign stocks moved ahead led by

by I.T. Sony, BASF, Siemens and Asturienne.

**BRUSSELS**—Predominantly higher in moderate trading. In mixed Steels, Clabecq rose Fr.60 to 5.100 but Coekereil shed Fr.50 to 1.032.

Union Miniere lost Fr.6 to 1.314 and Hoboken Fr.20 to 3.980, while Asturienne was up Fr.15 to 3.015 and Vielle Montagne up Fr.15 to 4.325.

In Arm Oils, Petrofina climbed Fr.35 to 5.000, while Elf lost Fr.10 to 1.093.

**AMSTERDAM**—Firm in quiet conditions. Dutch Internationals were all higher, led by Akzo which rose Fr.14.10 to 40.10.

Holland-America Lijn eased against an otherwise firmer trend in Shipping, as did Hva in other-wise higher Plantations. Banks and Investments Funds were generally firmer, led by Slavenburg, Insurances were mixed.

Refineries, Naarden and Bijenkorf were among firmer spots. Dutch State Loans improved, SWITZERLAND—Swiss issues higher for the second consecutive session, with trading brisk.

Banks firmed again on expectation of good half-yearly results. Financials were mixed, while Insurances advanced and Industrials were steady. Swiss Bank Union rose Fr.35 to 3.050.

**U.S. STOCK INDICES**  
STOCK AND BOND YIELDS

**NEW YORK**  
DOW JONES AVERAGES

**STANDARD AND POORS**  
MONDAY'S ACTIVE STOCKS

**TORONTO**  
INDUSTRIAL INDEX

**MONTREAL**  
INDUSTRIAL INDEX

**JOHANNESBURG**  
INDUSTRIAL INDEX

**AMSTERDAM**  
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by I.T. Sony, BASF, Siemens and Asturienne.

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In Arm Oils, Petrofina climbed Fr.35 to 5.000, while Elf lost Fr.10 to 1.093.

**AMSTERDAM**—Firm in quiet conditions. Dutch Internationals were all higher, led by Akzo which rose Fr.14.10 to 40.10.

Holland-America Lijn eased against an otherwise firmer trend in Shipping, as did Hva in other-wise higher Plantations. Banks and Investments Funds were generally firmer, led by Slavenburg, Insurances were mixed.

Refineries, Naarden and Bijenkorf were among firmer spots. Dutch State Loans improved, SWITZERLAND—Swiss issues higher for the second consecutive session, with trading brisk.

Banks firmed again on expectation of good half-yearly results. Financials were mixed, while Insurances advanced and Industrials were steady. Swiss Bank Union rose Fr.35 to 3.050.

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## FARMING AND RAW MATERIALS

## Light frost in Brazil coffee area

RIO DE JANEIRO, July 7. LIGHT FROST was reported last night in low lying areas of Paraná and Southern São Paulo State. But trade sources here said first reports indicated that there was no damage to coffee trees, which were planted on higher ground.

In London, meanwhile, negotiation of a new International Coffee Agreement (ICA) is picking up impetus, according to informed sources.

Consumer countries tabled a paper at the week-end outlining their major objectives in a new accord. They base this on the 1968 ICA which, they say, functioned well in dealing with situations of surplus supply and declining prices. But they point out that it was less successful in coping with tight supply situations and so believe that the new pact should attempt to achieve a greater balance of interest for both producers and consumers.

## India has 1.5m. tonnes sugar surplus

By Our Own Correspondent

NEW DELHI, July 7. INDIA IS saddled with a surplus sugar stock of 1.5m. tonnes, meant for export. The crash in the international sugar price has spoiled India's hope of reaping a substantial foreign exchange earnings out of sugar sales overseas.

Following the decline in prices, the State Trading Corporation (STC) is not concluding fresh contracts for nearly 300,000 tonnes for shipment this year. It has so far shipped or is shipping a total of 475,000 to Gulf countries and Iran.

A sugar industry delegation told the Prime Minister, Mrs. Gandhi, yesterday that the industry would produce 4.5m. tonnes of sugar in the 1974/75 season.

Reuter reports from New York, meanwhile, that market sources said India had sold 80,000 tonnes of white sugar over the week-end for fairly prompt shipment, at \$330 a tonne.

This contrasts with earlier reports from London that India had sold 30,000 tonnes of white sugar to a British operator. The sources said two U.S. operators each purchased 10,000 tonnes of white sugar and the British operator acquired 60,000 tonnes.

Our Commodities Staff writes: World sugar prices rose a little yesterday. The London daily price was fixed \$5 higher at \$155 a ton, while on the London terminal market the October position gained \$2.10 to \$150.475 a ton.

## Rumours of big Soviet grain purchases renewed

BY PETER BULLEN

GRAIN MARKETS in the U.S. and Europe were rife with reports yesterday of a possible big Soviet grain deal with the U.S. and Canada.

After the long week-end, following the Independence Day closure, the Chicago grain pits opened higher amid a host of suggestions of large orders which Russia may have to place for grain, increased Soviet freight bookings and reports of intense heat in various grain-growing areas of the Soviet Union.

In London, Reuter reported that market sources estimated that the USSR had booked up to 19 vessels on one-year time charters since Friday—reviving speculation of large Soviet grain purchases from North America. Figures of 3m. tonnes from Canada and 7m. tonnes from the U.S. were being mentioned, although a far larger number of vessels would have to be booked to carry tonnages of this order.

Prices in London were largely unaffected by the excitement as sellers were noticeably cautious

and trading was quiet. The Baltic imported grains market was "neglected at around previous offering levels" except for a small sale of EEC barley to Belfast. On Mark Lane, prices were steady in light inter-dealer activity.

The International Wheat Council, in its forecast of world supplies and demand for 1975/76, issued yesterday, says that it expects a bumper crop from the U.S. which would help to boost world output to 360m. to 375m. tonnes, compared with last year's 348m. tonnes.

Weather conditions worldwide have been rather mixed until now, but not so unfavourable over wide areas as in 1974. In recent days, however, reports from some countries have given cause for concern.

Following the hot, dry weather experienced of late in some areas of the USSR, it could well be that the lower end of the forecast 95m. to 100m. tonnes harvest there might not be reached. In that event, Soviet imports might be more than the 2m. to 5m. tonnes at present pre-

dicted, the report says. Altogether, with the possibility of increased imports needed in Asia, Africa and even western Europe, the total demand for wheat seems likely to be in the range of 63m. to 68m. tonnes, compared with 62.7m. tonnes in the past year.

"Export prices will also play an important role," the IWC states. "They have in general fallen by about 35 per cent. since November 1974. Should prices remain at about the same levels as at present, developing countries, which accounted for some 60 per cent of world wheat trade in 1974/75, might find it easier to cover their commercial requirements in 1975/76."

"The needs of these countries are again forecast to be high, because of poor crops in some, low levels of stocks in others, and a continuing rapid rate of population growth in almost all."

In Peking and Hong Kong the New China News Agency claimed record wheat output figures had been achieved in several major production areas of China.

## New peak for stocks of copper

By John Edwards, Commodities Editor

COPPER STOCKS in London Metal Exchange warehouses have reached over 300,000 tonnes for the first time ever, according to a report issued yesterday. The 11,200-tonnes increase in stocks, which brings total holdings to 206,000 tonnes, was more than expected, but had little impact on prices. Cash wirebars closed virtually unchanged, at \$342.5 a tonne.

The rise of 370 tonnes in the stock, raising the total to 206,000 tonnes, was above expectations as well, but reaction in the market was muted by support buying, believed to be on behalf of the buffer stock, after freer offerings of cash supplies. As a result, standard grade cash closed only \$2.5 lower at \$340.5 a tonne.

Britannia Lead Co., U.K. subsidiary of MIM Holdings of Australia, announced yesterday that it had acquired for \$1.2m. the whole of the listed share capital of Henry Bath and Son, one of the founder members of the London Metal Exchange.

The acquisition of Henry Bath, a substantial shareholder in Britannia Lead, is aimed to provide MIM Holdings with the opportunity to expand its U.K. based metal operations. Britannia Lead retains lead and silver from lead-bismuth concentrates from its Isles Mines, while Henry Bath trades in metal broking, steel merchandising and metal warehousing.

## Community milk scheme

By Our Commodities Staff

THE EEC's scheme for persuading milk producers to switch to a "Community" milk output was criticised by the Government yesterday.

Following reports of U.K. farmers having to pour milk down the drain to comply with regulations governing the scheme, the Ministry of Agriculture said: "This Government has always made it plain that it thought the scheme was unsuited to conditions in the U.K. and has always been anxious that it should not lead to a glut in milk supplies in this country."

It added, however, that there was no evidence of a large scale problem. The scheme ended on December 31, 1974, and farmers had had six months from the date of their acceptance under the scheme to give up milk production.

## Serious implications of aphid invasion

BY DAVID RICHARDSON

IT IS THEORETICALLY possible for one aphid to produce a million more in four weeks. Aphids—more widely known as greenfly—survive the winter as eggs; the milder the winter, the more survive. In spring they hatch and start to multiply by virgin birth, at the rate of up to seven young per parent from each female, each of which begins producing young itself at about one week old.

Unchecked by either predators or insecticides, aphids would smother the earth in a matter of weeks. Most green crops are liable to infestation by aphids, which not only feed on the sap and stunt growth, but carry diseases from infected plants of the same species.

A series of mild winters has ensured a sizeable carry-over of aphid eggs, and this season's batch are at the height of their breeding season.

Concern at the potential damage which may result from an insect attack is emphasised by the recent memory of aphid-carried virus yellows which hit last year's sugar beet crop. The yield, already lower because of the drought, was further reduced by 17 per cent, according to some estimates, because of the 60 per cent infection of virus yellows.

Potatoes suffer similarly to sugar beet in that aphids spread disease from infected to previously healthy plants. The two main diseases carried are leaf roll, which is very bad this year, and severe mosaic. Both can cut yields significantly, as well as infecting the tubers, which cannot be used for seed the following year.

But in recent years, aphids have also started feeding on cereals; this year severe infestation has been reported from 11 have saved £3 to £4 an acre, south, while populations further

north are still building up. Early attacks brought in barley the same thing seems to be happening again this year and evidence is growing that aphids are developing an immunity to the organo-phosphorus compounds. The only other insecticide of any consequence is "pyrethrin". This is more expensive, has no systemic facility and therefore lasts only a few days. It does, however, have the advantage, however, that it is not toxic to bees nor to ladybirds, which are the aphids' main predators.

But aphids' apparent ability to develop immunity clearly has serious implications, particularly as there seems little prospect of a completely different insecticide being developed within the next few years. More immediate is the threat to this year's crops, particularly sugar beet which, as well as being smothered through late-drilling, are again at risk through inadequate aphid control.

Among other crops normally affected by aphid attack are potatoes and peas. The insects settle on plants just as buds are forming and, left uncontrolled, can decimate yield by sucking the sap from the base of the flower which would have become a pod.

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## Aircraft

The alternative is to hire an aircraft, for which contract charges vary from £3 to £4 per acre. If, as has been suggested, aphids are capable of cutting yields by 3 cwt to 4 cwt an acre, the exercise is obviously worthwhile.

But the level of infestation at which it is said to be economic to spray is an average of 10 aphids per ear. In the past I have visited my wheat field daily to count the pests and, as numbers rose, have almost reached for the telephone to order the plane. Then suddenly, either because of a thunderstorm or more likely because



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## OFFSHORE AND OVERSEAS FUNDS

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### HOTELS—Continued

[illegible]

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# FINANCIAL TIMES

Tuesday July 8 1975

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## STC awarded £40m. contract for cable link to Venezuela

BY ARTHUR SMITH

AN EXPORT order worth £40m. for an undersea telephone cable system between Europe and South America has been awarded to Standard Telephones and Cables.

The contract is the largest single export project won by STC. It was placed with the company's submarine systems division by the telecommunications administration of Spain and Venezuela.

STC will supply a 3,240 nautical-mile cable capable of carrying 1,840 simultaneous telephone conversations between the Canary Islands and Venezuela. It will also be used for data and telex transmission.

Contracts for the system were signed in London with Compañia Telefonica Nacional de Espana and in Caracas with Compañia Anónima Nacional Telefonos de Venezuela.

STC said last night that the order was a negotiated contract and the Spanish and Venezuelan concerns had approached the company because they wanted the system quickly and STC had experience of such projects.

The system, named Columbus, is Venezuela's first direct

cable link with Europe and will supplement existing satellite links. It should be ready for service before the end of September, 1977, and inauguration is planned for Columbus Day on October 12, 1977, STC said.

Connection between the Canary Islands and the Spanish mainland, and thus to Europe and beyond, will be over the existing Penco 1 and 2 cable systems—also supplied by STC.

The submarine systems division—with about 1,600 employees at Greenwich, North Woolwich, and Southampton—will manufacture and install the complete system, comprising 1,471-inch lightweight coaxial cable, 540 repeaters, 36 equalisers and terminal equipment.

STC had a turnover of £353m. last year, of which £27m. went to exports and most of the overseas orders were supplied by the submarine systems division.

Undersea telephone cable systems supplied by STC are already operating between Brazil and the Canary Islands and between Venezuela and the Virgin Islands.

## New, simpler anti-lump Bill planned for autumn

BY JOHN BOURNE, LOBBY EDITOR

THE GOVERNMENT intends to drop its plans for legislation to eliminate "the lump" in the construction industry and instead to introduce a simpler Bill in the next parliamentary session.

The lump is the term describing about 100,000 self-employed men who sell their labour to contractors and sub-contractors and whose "self employment" is regarded as a method of avoiding income-tax.

For some months, since the Government promised legislation, Mr. John Silkin, Minister for Planning and Local Government, has been working on a Bill to set up a register of sub-contractors who had at least one employee for whom tax and national insurance arrangements were made.

The proposed legislation would also have enforced a

punitive levy where unregistered sub-contractors were employed.

It has been opposed in the Cabinet and elsewhere, partly on the grounds that the Chancellor has already legislated to prevent tax-dodging by men on the lump and that, anyway, Mr. Silkin's proposals for a register are too complicated and top-heavy.

### Commission

Mr. Silkin, Mr. Edmund Dell, the Paymaster-General, and Mr. Albert Booth, Minister of State for Employment, met representatives of the TUC last night for further consultations, and it is understood that the Government will introduce a Bill to introduce a new two or three-clause general election in June of the new session.

The Bill would establish a Manpower Commission, rather than the lines of the Dock Labour Board, to end the employment of casual labour in the construction industry.

The Government could run into trouble from some of its Left-wing MPs if the plan goes ahead. Mr. Eric Heffer, an ex-building worker and formerly Minister of State at the Department of Industry, has promised "trouble" if there is no legislation this session to end the lump.

A Bill along the lines which has now been dropped was first introduced by Mr. Silkin in 1970 when he was Minister of Works. It was lost, with other Government bills, because of the Prime Minister's decision to call a general election in June of the new session.

Parliament, Page 14

## Labour urges tough rules to stamp out corruption

BY RICHARD EVANS, LOBBY CORRESPONDENT

STRINGENT new rules for local government councillors have been recommended by a Labour party committee in an attempt to stamp out allegations of corruption.

The new rules, which were accepted last night by Labour's Organisation Committee but which have still to be approved by the full National Executive

on July 23, involve much more openness and the refusal of any gift worth more than £5.

The report follows concern in the NEC at the disclosures in the Poulson bankruptcy hearings and at allegations of local government corruption in the North of England made by Mr. Edward Heath, former Labour MP for Blyth.

In urging much more openness, the report, prepared by a committee under the chairmanship of Mr. John Cartwright, Labour MP for Woolwich East, says that the public must know the safeguards that were instituted and the sure that relevant matters were reported to the council.

Over and above the proposals in the Radcliffe-Maud code of

conduct, the committee believes that in the acceptance of gifts should be the criteria

"Would the Member be ashamed if anyone knew about it?"

"Is it of benefit and necessary?"

"Is it in the interests of the people whom I represent?"

There would also be some functions at which a councillor would be offered a bona fide gift. "In our view anything offered over (say) £5 should be publicly declared, and if it is very substantial we would advise that it be refused."

From time to time there would be invitations extended by private firms to the inspection of buildings and other developments. No one councillor should go alone to any firm offering such hospitality, the report concludes.

"No such visit should be made without committee and council approval, and the group should discourage any chairman

accepting hospitality individually offered to him."

The committee points out that the policy of the Labour Party was for a compulsory statutory register of interests for local councillors on the basis that Parliament had agreed for its own Members.

Some Labour groups in local government had already established a voluntary register for the full council or for Labour Members, and the committee "cannot understand why any group should not accept the principle of a voluntary register."

The conclusion of the report says that no provision or standard of conduct that a party had the right to expect. Pressures on councillors were very heavy, but practices that might be common in business must be ruled out of local government.

By keeping proceedings as open as possible and by the most vigorous political campaigning to keep important local issues before the public."

## Bid to delay Newman takeover from TPG

BY NICHOLAS LESLIE

MOUNTING CRITICISM of a proposed takeover by Newman Industries, Bristol-based electric motor specialists, of a number of quoted investments and other interests from Thomas Poole and Gladstone China will culminate in a move to-day by several institutions, led by Prudential Assurance, to postpone ratification of the deal pending an independent report by a merchant banker.

The deal between Newman and TPG is to be considered by Newman shareholders at an extraordinary meeting in Bristol to-day.

The institutions, following meetings yesterday with Mr. Alan Bartlett, chairman of both Newman and TPG, and also Mr. Angus Murray, the only Newman director to oppose the deal—will propose that the meeting be adjourned for three weeks to enable the Board to produce an independent report.

Alternatively, the institutions will vote against the proposals. Institutions own just under a quarter of Newman's equity, although it is not clear whether all are behind the Prudential. One that is, however, is Norwich Union Assurance, which after initially voting by proxy in favour has reversed its decision.

### Film

The proposals envisage Newman buying from TPG all of its major quoted investments—other than its 25.6 per cent. holding in Newman—while taking on also a £30,000 debt due to Mr. M. C. Abbott chairman of Dover Engineering, one of the TPG Investments promissory notes totalling £100,000 issued by Smithhatch, a balance of £144,000 with National Westminster Bank and TPG's leasehold interest in its administrative offices.

Other interests to be taken on include shares in several commercial radio stations and a £4,000 investment in a firm called the House of Kings; there is also a proposal for Newman to buy a 18.8 per cent. holding in TPG from Stronpoint, a private company owned by Mr. Bartlett

and fellow Newman and TPG director Mr. J. K. Laughton.

For this, it is proposed that Newman should pay £235,000, of which £216,000 has already been paid over on account.

Last Friday Mr. Murray, who is chairman of Redman Heenan International, criticised the deal as being not in the best interests of Newman shareholders.

Yesterday it emerged that about half a dozen institutions with holdings in Newman were unhappy about the lack of information given on the deals and had decided to press for further independent information.

The initiative for yesterday's meetings appears to have been taken by the Prudential, at whose offices in Holborn the meetings took place.

## MPs given cool Strasbourg welcome

BY REGINALD DALE AND PHILIP RAWSTORNE

BRITISH LABOUR MPs to-day finally took their seats in the European Parliament in spite of a furious broadside from the 18-strong delegation had been chosen in Westminster.

Otherwise, the formal end to Labour's two-and-a-half-year boycott of Strasbourg was given a polite, but not overly enthusiastic, welcome by other non-Socialist delegates.

Mr. Russell Johnston (Liberal, Liverpool) denounced the composition of the Labour delegation as an "outrage" which completely disregarded the real support for parties in Britain.

With only 36 seats available for British MPs here, the arrival of the Labour Party has cut Liberal representation from two to one, with the enforced departure of Lord Gladwyn.

Mr. Johnston told the assembly that he alone now represented 51m. voters, more than the total electorates for the three smallest Community countries, Denmark, Ireland and Luxembourg.

If Britain had chosen its delegation in the same way as Germany, the Netherlands and Denmark, the Liberal Party would have seven seats in Strasbourg, he claimed.

In spite of strong support from the whole Liberal group in the Parliament, there was little that Mr. Johnston could do in practice. Britain's representatives were chosen in complete conformity with Rome Treaty rules, which provide for national Parliaments to nominate delegates according to their own procedures.

### Mild reproach

Herr Ludwig Fellermaier, leader of the Socialist group, which the Labour MPs have now joined, mildly reproved Mr. Johnston for dragging a House of Commons row into the European Parliament. Any British MP should be glad that the House of Commons was fully represented in Strasbourg, he said.

There the matter was allowed to rest—in spite of a warning from the Liberal group that it would now cause a row over "the practice and principles of co-operation with other political groups in the Parliament."

The Liberal outburst enlivened what was otherwise a dull occasion—apart from a brief speech of welcome by Mr. Georges Spéaule, the Parliament's President, there was little to indicate that a major "symbolic" event was taking place.

The welcome was nothing like the rapturous reception given

the first group of British, Irish and Danish MPs to arrive here in January, 1973.

Pursued by television cameras through every stage of their journey from London, the MPs found them waiting again as they entered the Chamber. Mr. Spéaule, patiently hanging his gavel, had to call three times for delegates to take their seats before Mr. Michael Stewart, the long-time pro-Market leader of the group, could break away through the posse of cameramen.

Sir Geoffrey de Freitas, almost immediately elected a vice-president of the Assembly, looked cool—but only Mr. William Hamilton, in an open-necked shirt, appeared thoroughly at home. The others, slightly bewildered by the geography of the Chamber, searched for their seats.

### Prodigal child

Came the welcome... and a half-hour wrangle over the agenda which was enough to provoke a few Euro-yawns and drive most of them out again for refreshments.

The absence of ceremony was taken as a gesture of disapproval for the Labour Party's long boycott of the Parliament, together perhaps with some continuing concern over its attitudes to European integration. The return of a prodigal child is not always taken as welcome, one delegate commented.

Mr. Stewart declined to get involved in discussion of the delegation's long-term European agenda, as he arrived in Strasbourg. Echoing Mr. Wilson,

he spoke broadly of a "distinctive British approach" to the Parliament's procedures and European problems. He hoped, however, that the presence of Labour would in general strengthen the Parliament's influence.

It should certainly strengthen the weight of the Socialist group here which, with Labour's arrival, now becomes the biggest single political grouping in the Parliament.

The Labour MPs are unlikely always to add to the unity and cohesion of the group, traditionally one of the most "European" in the Parliament. They told the Press to-night that there were wide divergences of opinion inside the Labour delegation and that individual members might well vote different ways on issues such as European union and direct elections to Strasbourg.

Members will have the first chance to express such differences on Wednesday when the Parliament debates a report on European union, although most are expected to abstain in Thursday's vote on the issue.

Mr. Stewart said that group membership did not mean Labour MPs were in all circumstances bound by group majority decisions—although they were not looking for opportunities to disagree.

Sir Geoffrey de Freitas said the first step should be to build up the influence of the Parliament. Only when it had greater prestige, would people of real ability want to serve in it, he added ingeniously.

## THE LEX COLUMN Hanson builds a cash mountain

In June, 1972, Hanson Trust had a rights issue to raise \$2m. because its gearing was high—borrowings of \$11.4m. against shareholders funds of \$7.7m.—and it aimed to put cash into, among other areas, property.

Now here comes Hanson again, this time to raise \$8.6m. but for strikingly different reasons. Not only is gross debt now quite low—at about half share-holders funds—but the group actually has \$20m. of cash already sitting in the London money market. In fact the paradoxical aim of the issue is to allow Hanson to gear up further in the U.S. where it is now negotiating a medium term revolving credit facility—American bankers being very keen on ratios like debt: equity and current assets: current liabilities.

This is the most direct example so far of the use of a rights issue to finance overseas expansion. United Biscuits and BOC have done much the same, but to fund previous U.S. acquisitions. Hanson is now to a large extent preparing the way for future U.S. growth—it has a team working on opportunities in New York—though it also seems fair to say that the earlier Seacoast acquisition is not quite so fully self-financing as the group has been boasting.

It would be uncharacteristic of Hanson, however, not to have an eye for the U.K. possibilities too. In this case it has taken the chance to put through a massive dividend rise—effectively something like 90 per cent. Although this creates the absurdity that \$1.7m. of the new money will be paid straight back in extra dividends this year it has also put the share price up 22p to 162p, where the prospective yield is 8.4 per cent.

All one can say is that Hanson has to lean heavily on its previous entrepreneurial success to make such an issue credible. Those who took up the 1972 issue at 155p have done quite well relative to the market. By

Index fell 5.6 to 317.7

concentrating on the U.S. Hanson is raising both the potential rewards and the risks; if a U.S. acquisition were to go badly wrong the damage might have to be repaired at heavy cost by transferring funds via the premium.

See also Page 18

Sticky rights

So far this year the underwriters have had a very smooth run for their £10m. or so of commission income from the flood of rights issues. But times now seem to be getting tougher. Last week Duport announced that two-fifths of its £2.8m. issue had been re-allotted to the underwriters. And when BOC International's £22.8m. rights offer closed yesterday, the shares slipped 1½p to 45½p—or just a shade below the 46p underwriting price.

BOC's shares had been performing strongly prior to the issue announcement just under a month ago, and the underwriting was finely pitched at 19 per cent. below the previous night's closing price. But despite some good profit news, the shares underperformed the market during the recent slide—falling to 42½p at one stage last week—and although the market is back to within 5 per cent. of where it stood before the announcement, BOC has dropped by a fifth.

The underwriters now have three days in which they can attempt to sell at a premium above the new shares which have not been taken up by shareholders. In a market as volatile as this, there is still something to play for.

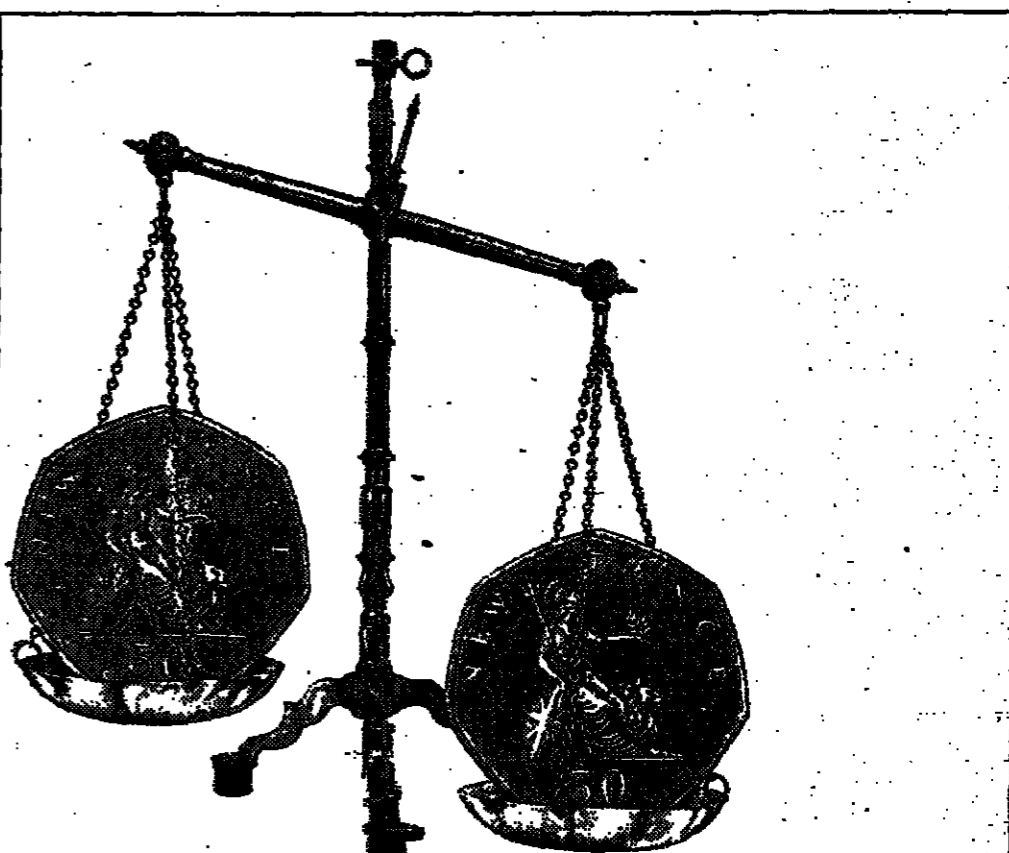
See also Page 18

Alexanders

Discount houses shares have lagged badly so far this year and Alexanders now disclose the first setback in the sector since the black days of 1973, with first half profits not quite up to the exceptional level of January-June 1974. The penalty for running a cautious book may now be a little larger than it was in the high margin conditions of last year, but Alexanders evidently feels interest rates may not continue to be untouched by sterling's problems; the yield is 9.8 per cent. See also Page 19

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## Weather

### U.K. TO-DAY

THUNDERSTORMS in most of England. Dry but cloudy in the north.

London, E. Anglia, Midlands, S.E. and Cent. S. England Thunderstorms, sunny intervals. Wind E. moderate or fresh. Max. 23C (73F).

Channel Islands Thunder rain, bright intervals. Wind S.E. light or moderate. Max. 22C (72F).

S.W. England, Wales Thunder rain. Wind E. moderate or fresh. Max. 22C (72F).

### BUSINESS CENTRES

City	Y-day	Mid-day	Y-day	Mid-day
Amsterdam	25	26	25	26
Antwerp	25	26	25	26
Birmingham	25	26	25	26
Bristol	25	26	25	26
Cardiff	25	26	25	26
Edinburgh	25	26	25	26
Glasgow	25	26	25	26
London	25	26	25	26
Manchester	25	26	25	26
Newcastle	25	26	25	26
Nottingham	25	26	25	26
Paris	25	26	25	26
Portsmouth	25	26	25	26
Sheffield	25	26	25	26
Southampton	25	26	25	26
Stockholm	25	26	25	26
Swansea	25	26	25	26
Toronto	25	26	25	26
Winnipeg	25	26	25	26
Zurich	25	26	25	26

### Borders, Edinburgh, Dundee, Aberdeen

Mainly dry but cloudy. Fog. Wind S.E. light. Max. 20C (68F). Cooler near coasts.

Glasgow, Cent. Highlands, Argyll, N. Ireland, S.W. & N.W. Scotland Dry, sunny periods. Wind E. light or moderate. Max. 21C (70F).

Orkney, Firth, N.E. Scotland, Orkney, Shetland Dry, but cloudy. Fog patches. Wind S.E. light. Max. 14C (57F).

E. N.E. N.W. & Cent. N. England Sunny spells, thundery showers. Wind E., moderate. Max. 23C (73F).

Lightning: London 21.47, Manchester 22.07, Glasgow 23.30, Belfast 23.29.

Politen count: London—50, high. Forecast, similar.

### HOLIDAY RESORTS

City	Y-day	Mid-day	Y-day	Mid-day
Algeria	25	26	25	26
Amsterdam	25	26	25	26
Antwerp	25	26	25	26
Birmingham	25	26	25	26
Bristol	25	26	25	26
Cardiff	25	26	25	26
Edinburgh	25	26	25	26
Glasgow	25	26	25	26
London	25	26	25	26
Manchester	25	26	25	26
Newcastle	25	26	25	26
Nottingham	25	26	25	26
Paris	25	26	25	26
Portsmouth	25	26	25	26
Sheffield	25	26	25	26
Southampton	25	26	25	26
Stockholm	25	26	25	26
Swansea	25	26	25	26
Toronto	25	26	25	26
Winnipeg	25	26	25	26
Zurich	25	26	25	26

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## TUC wages plan

remarks about having to oppose any wage rise. The TUC leaders to frame a detailed policy then led Mr. Frank Chapple of the Electricians and Plumbers to claim that a deal he has negotiated in the electrical contracting industry for 22 per cent. rises from next January should not be reduced.

While Mr. Tom Jackson of the Post Office Workers did not see how his postmen's threshold pay arrangements could be curbed, the TUC's policy document said that interim and cost-of-living rises should be deducted from the 25 when main deals fell due and that any of these payments themselves should not exceed the 25 limit.

The TUC leaders then found themselves unable to agree on these details and hoped that Mr. Healey would give them helpful guidance at last night's talks. The TUC document proposed they should be allowed to provide the wage bill did not rise as a result but other union leaders objected because some

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## Miners

of being a little drunk with power, Mr. Gormley said the NUM should not be seen to be driving a wedge not only into the TUC but also between the TUC and the Labour movement.

He forecast that if the "dangerous" Yorkshire resolution was carried, a lot of plans for the coal industry would be shelved.

He suggested the NUM should join with all TUC affiliated unions to try to work with the present Government to solve the economic problems surrounding it.